

# South Florida PBS, Inc. and Affiliates

Consolidated Financial Statements  
and Additional Information  
For the Years Ended June 30, 2023 and 2022



## South Florida PBS, Inc. and Affiliates

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Consolidated Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of South Florida PBS, Inc. and Affiliates (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements (the "financial statements").

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2023, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

KEEFE McCULLOUGH

Fort Lauderdale, Florida  
October 27, 2023

# FINANCIAL STATEMENTS

**South Florida PBS, Inc. and Affiliates**  
**Consolidated Statements of Financial Position**  
**June 30, 2023 and 2022**

|  | <u>2023</u>          | <u>2022</u>          |
|--|----------------------|----------------------|
| <b>Assets:</b>   |                      |                      |
| Current assets:  |                      |                      |
| Cash and cash equivalents  | \$ 2,236,120         | \$ 5,922,072         |
| Receivables, net of allowance for doubtful accounts of approximately \$ 17,000 | 2,677,858            | 21,848,705           |
| Beneficial interest in a charitable lead annuity trust                         | 125,000              | 125,000              |
| Prepaid expenses and other assets  | 298,684              | 241,394              |
| Program broadcast rights, net of amortization                                  | <u>124,728</u>       | <u>1,190,956</u>     |
| Total current assets   | 5,462,390            | 29,328,127           |
| Other assets   | 46,384               | 54,534               |
| Investments  | 73,435,142           | 38,693,784           |
| Cash surrender value and premiums receivable on life insurance policies        | 863,339              | 858,962              |
| Program broadcast rights, net of amortization and current portion              | 40,419               | 597,335              |
| Property and equipment, net  | 7,416,679            | 6,988,326            |
| Beneficial interest in a charitable lead annuity trust, net of current portion | 697,918              | 822,918              |
| Net pension asset  | 360,474              | -                    |
| FCC broadcast licenses   | <u>3,488,900</u>     | <u>3,488,900</u>     |
| Total assets   | <u>\$ 91,811,645</u> | <u>\$ 80,832,886</u> |
| <b>Liabilities:</b>  |                      |                      |
| Current liabilities:   |                      |                      |
| Accounts payable   | \$ 339,044           | \$ 241,649           |
| Accrued expenses   | 622,347              | 1,260,613            |
| Refundable program advances  | 1,392,984            | 1,187,938            |
| Present value of annuity obligations   | 200,559              | 200,559              |
| Line of credit   | -                    | 7,129,315            |
| Finance lease liability  | <u>119,930</u>       | <u>101,866</u>       |
| Total current liabilities  | 2,674,864            | 10,121,940           |
| Deferred revenue and refundable advances                                       | 353,116              | 380,162              |
| Present value of annuity obligations, due beyond one year                      | 1,853,020            | 1,898,214            |
| Pension liability, due beyond one year   | -                    | 982,504              |
| Finance lease liability, due beyond one year                                   | <u>611,665</u>       | <u>731,595</u>       |
| Total liabilities  | <u>5,492,665</u>     | <u>14,114,415</u>    |
| <b>Net Assets:</b>   |                      |                      |
| Without donor restrictions:  |                      |                      |
| Board designated   | 64,272,971           | 52,375,689           |
| Undesignated   | <u>9,137,116</u>     | <u>2,672,131</u>     |
|  | <u>73,410,087</u>    | <u>55,047,820</u>    |
| With donor restrictions:   |                      |                      |
| Purpose and time restrictions  | 3,738,525            | 2,925,283            |
| Perpetual in nature  | <u>9,170,368</u>     | <u>8,745,368</u>     |
|  | <u>12,908,893</u>    | <u>11,670,651</u>    |
| Total net assets   | <u>86,318,980</u>    | <u>66,718,471</u>    |
| Total liabilities and net assets   | <u>\$ 91,811,645</u> | <u>\$ 80,832,886</u> |

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

**South Florida PBS, Inc. and Affiliates**  
**Consolidated Statements of Activities**  
**For the Years Ended June 30, 2023 and 2022**

|   | <u>2023</u>          | <u>2022</u>          |
|---|----------------------|----------------------|
| <b>Change in Net Assets Without Donor Restrictions:</b>   |                      |                      |
| Revenues, gains (losses) and other support:   |                      |                      |
| Contract productions  | \$ 279,198           | \$ 341,291           |
| Contributions and bequests  | 13,946,833           | 66,764,441           |
| Contributions and bequests of non-financial assets  | 1,019,753            | 1,062,469            |
| Satisfaction of program restrictions, net   | 758,510              | 452,809              |
| Corporation for Public Broadcasting:  |                      |                      |
| Community service and other grants, net   | 1,917,760            | 1,469,437            |
| CARES Act Employee Retention Credits  | 1,402,372            | 160,237              |
| State of Florida Department of Education:   |                      |                      |
| Community service grant   | 740,800              | 641,200              |
| Federal Communications Commission grant   | -                    | 93,695               |
| Program and production underwriting, net of commissions<br>of \$ 21,976 and \$ 45,223, respectively | 1,189,452            | 1,300,260            |
| Net investment income (loss)  | 17,643,257           | (4,015,582)          |
| Other   | 233,067              | 326,068              |
|   | <u>39,131,002</u>    | <u>68,596,325</u>    |
| <b>Operating expenses:</b>  |                      |                      |
| Program services:   |                      |                      |
| Programming and production  | 11,001,836           | 8,956,655            |
| Broadcasting  | 3,102,589            | 2,796,246            |
|   | <u>14,104,425</u>    | <u>11,752,901</u>    |
| Supporting services:  |                      |                      |
| Development and fundraising   | 4,764,809            | 4,087,565            |
| Management and general  | 3,256,855            | 2,670,218            |
|   | <u>8,021,664</u>     | <u>6,757,783</u>     |
| Total operating expenses  | <u>22,126,089</u>    | <u>18,510,684</u>    |
| Change in net assets without donor restrictions   | <u>17,004,913</u>    | <u>50,085,641</u>    |
| <b>Change in Net Assets With Donor Restrictions:</b>  |                      |                      |
| Contributions   | 1,631,718            | 2,157,000            |
| Net investment income (loss)  | 412,867              | (674,919)            |
| Change in present value of annuity obligations  | (47,833)             | (61,984)             |
| Net assets released from restrictions   | (758,510)            | (452,809)            |
|   | <u>1,238,242</u>     | <u>967,288</u>       |
| Change in net assets with donor restrictions  | <u>1,238,242</u>     | <u>967,288</u>       |
| Change in net assets  | <u>18,243,155</u>    | <u>51,052,929</u>    |
| <b>Pension Liability Adjustment</b>   | <u>1,357,354</u>     | <u>331,154</u>       |
| <b>Net Assets, beginning of year</b>  | <u>66,718,471</u>    | <u>15,334,388</u>    |
| <b>Net Assets, end of year</b>  | <u>\$ 86,318,980</u> | <u>\$ 66,718,471</u> |

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



**South Florida PBS, Inc. and Affiliates**  
**Consolidated Statement of Functional Expenses**  
**For the Year Ended June 30, 2023**

|  | Program Services           |                     |                        | Supporting Services    |                             |                           | Total                |
|--|----------------------------|---------------------|------------------------|------------------------|-----------------------------|---------------------------|----------------------|
|  | Programming and Production | Broadcasting        | Total Program Services | Management and General | Development and Fundraising | Total Supporting Services |                      |
| Salaries and wages   | \$ 2,277,956               | \$ 913,590          | \$ 3,191,546           | \$ 1,160,221           | \$ 1,495,425                | \$ 2,655,646              | \$ 5,847,192         |
| Employee benefits  | 337,798                    | 129,937             | 467,735                | 263,515                | 219,223                     | 482,738                   | 950,473              |
| Payroll taxes  | 174,309                    | 67,338              | 241,647                | 78,388                 | 113,273                     | 191,661                   | 433,308              |
| Professional services  | 2,226,570                  | 44,316              | 2,270,886              | 759,804                | 1,018,624                   | 1,778,428                 | 4,049,314            |
| In-Kind  | 396,498                    | 159,018             | 555,516                | 201,946                | 260,291                     | 462,237                   | 1,017,753            |
| Program acquisition  | 4,104,897                  | -                   | 4,104,897              | -                      | -                           | -                         | 4,104,897            |
| Other program/<br>production   | 145,161                    | 6,030               | 151,191                | -                      | 1,173                       | 1,173                     | 152,364              |
| Premiums   | 2,242                      | -                   | 2,242                  | 6,038                  | 299,292                     | 305,330                   | 307,572              |
| Advertising and<br>promotion   | 349,450                    | -                   | 349,450                | 1,712                  | 192,148                     | 193,860                   | 543,310              |
| Office expense   | 30,538                     | 34,081              | 64,619                 | 9,522                  | 28,890                      | 38,412                    | 103,031              |
| Postage and shipping   | 1,693                      | 337                 | 2,030                  | 2,656                  | 252,588                     | 255,244                   | 257,274              |
| Information technology   | 192,903                    | 124,671             | 317,574                | 26,466                 | 166,810                     | 193,276                   | 510,850              |
| Occupancy  | 17,413                     | 572,817             | 590,230                | 19,804                 | 147,222                     | 167,026                   | 757,256              |
| Transmission expense   | -                          | 319,260             | 319,260                | -                      | -                           | -                         | 319,260              |
| Rental and equipment<br>maintenance  | 8,185                      | 195,003             | 203,188                | 683                    | 7,869                       | 8,552                     | 211,740              |
| Travel   | 152,916                    | 13,509              | 166,425                | 114,216                | 104,039                     | 218,255                   | 384,680              |
| Meetings and events  | 107,436                    | 1,198               | 108,634                | 174,701                | 269,540                     | 444,241                   | 552,875              |
| Insurance  | 96,379                     | 33,344              | 129,723                | 70,726                 | 54,580                      | 125,306                   | 255,029              |
| Other  | 17,162                     | -                   | 17,162                 | 262,651                | -                           | 262,651                   | 279,813              |
| Total expenses before<br>provision for<br>depreciation,<br>amortization, and<br>interest expense | <u>10,639,506</u>          | <u>2,614,449</u>    | <u>13,253,955</u>      | <u>3,153,049</u>       | <u>4,630,987</u>            | <u>7,784,036</u>          | <u>21,037,991</u>    |
| Provision for depreciation<br>and amortization   | 273,345                    | 452,452             | 725,797                | 58,484                 | 75,406                      | 133,890                   | 859,687              |
| Interest expense   | 88,985                     | 35,688              | 124,673                | 45,322                 | 58,416                      | 103,738                   | 228,411              |
| Total expenses   | <u>\$ 11,001,836</u>       | <u>\$ 3,102,589</u> | <u>\$ 14,104,425</u>   | <u>\$ 3,256,855</u>    | <u>\$ 4,764,809</u>         | <u>\$ 8,021,664</u>       | <u>\$ 22,126,089</u> |

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

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

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

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

**South Florida PBS, Inc. and Affiliates**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended June 30, 2023 and 2022**

|   | <u>2023</u>         | <u>2022</u>         |
|---|---------------------|---------------------|
| <b>Operating Activities:</b>                                |                     |                     |
| Cash received from supporters, customers and grant agencies | \$ 41,734,318       | \$ 51,996,940       |
| Interest received   | 4,377               | 15,007              |
| Interest paid   | (222,105)           | (362,789)           |
| Cash paid for support services to suppliers and employees   | <u>(19,768,242)</u> | <u>(18,198,960)</u> |
| Net cash provided by (used in) operating activities         | <u>21,748,348</u>   | <u>33,450,198</u>   |
| <b>Investing Activities:</b>                                |                     |                     |
| Cash received from sales or maturities of investments       | 33,351,439          | 3,620,810           |
| Cash paid for property and equipment                        | (1,302,014)         | (747,476)           |
| Cash paid for investments                                   | <u>(50,252,544)</u> | <u>(31,095,210)</u> |
| Net cash provided by (used in) investing activities         | <u>(18,203,119)</u> | <u>(28,221,876)</u> |
| <b>Financing Activities:</b>                                |                     |                     |
| Repayment of borrowings from financial institutions         | (7,322,027)         | (2,721,847)         |
| Proceeds from borrowings from financial institutions        | <u>90,846</u>       | <u>153,002</u>      |
| Net cash provided by (used in) financing activities         | <u>(7,231,181)</u>  | <u>(2,568,845)</u>  |
| Net increase (decrease) in cash and cash equivalents        | (3,685,952)         | 2,659,477           |
| <b>Cash and Cash Equivalents, beginning of year</b>         | <u>5,922,072</u>    | <u>3,262,595</u>    |
| <b>Cash and Cash Equivalents, end of year</b>               | <u>\$ 2,236,120</u> | <u>\$ 5,922,072</u> |

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

## Note 1 - Organization and Operations

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

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

## Note 2 - Summary of Significant Accounting Policies

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

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

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

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

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

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets as described in Note 7.
- *Net Assets With Donor Restrictions* - Net assets subject to donor (or certain grantor) imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity.

**Note 2 - Summary of Significant Accounting Policies (continued)**

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

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

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

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

**Promises to give, grants, bequests, beneficial interest in a charitable lead annuity trust, and other receivables:** Receivables are carried at original amount, generally discounted if long term, less an estimate made for doubtful accounts. The Organization determines the allowance for doubtful accounts by identifying specific troubled accounts and by using historical experience applied to an aging of accounts. Management recorded approximately \$ 17,000 in provision for doubtful accounts at June 30, 2023 and 2022. SFPBS had no material conditional promises to give as of June 30, 2023 or 2022. At June 30, 2023, the Organization has promises to give of \$ 550,000, payable in the following installments: \$ 250,000 in 2024 and \$ 300,000 in 2025.

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

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

Donations of property and equipment are reported as support without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Without donor stipulations regarding how long these donated assets must be maintained, SFPBS reports expirations of donor restrictions when the donated assets are placed in service, reclassifying net assets with donor restrictions to net assets without donor restrictions at that time. For the years ended June 30, 2023 and 2022 there were no such material donations.

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Impairment of long-lived assets:** SFPBS periodically reviews the carrying value of its long-lived assets for impairment when management makes a decision to dispose of the assets or circumstances indicate that the carrying amount of the asset may not be recoverable. SFPBS compares the carrying amount of the asset to the estimated undiscounted future cash flows that an asset is expected to generate. The impairment is recognized to the extent that the carrying value is greater than future cash flows. During the years ended June 30, 2023 and 2022, no impairment losses were recorded by management.

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

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

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

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

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

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

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

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

## Note 2 - Summary of Significant Accounting Policies (continued)

**In-kind contributions:** In-kind contributions, including facilities, are recorded as revenue and expense in the accompanying consolidated statements of activities. Contributed services are recognized at estimated fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals with those skills, and would otherwise need to be purchased if not provided by donation. During the years ended June 30, 2023 and 2022, SFPBS recorded approximately \$ 0 and \$ 6,400 of contributed services, respectively. Donated facilities are discussed in Note 16.

**Barter agreements:** SFPBS enters into certain barter arrangements whereby SFPBS receives marketing and advertising services and facilities in exchange for on-air credits and acknowledgments. Barter revenue is recognized when the on-air credits and acknowledgments are broadcasted and barter costs when the services/facilities are received or used. The amount of barter revenues and expenses recognized during the years ended June 30, 2023 and 2022 equaled approximately \$ 25,000 and \$ 122,000, respectively.

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

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

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

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

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Leases:** The Organization has entered into a variety of finance leases for equipment. The obligations associated with these leases have been recognized as a liability in the consolidated statements of financial position based on future lease payments and discounted by the rate implicit in the lease. The Organization determines if an arrangement is or contains a lease at inception. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less) and leases deemed to be below certain thresholds. Instead, the lease payments of those leases are generally reported as lease expense on a straight-line basis over the lease term.

Effective July 1, 2022, the Company adopted FASB ASU No. 2016-02, *Leases (Topic 842)*, as amended. This guidance is intended to improve financial reporting of lease transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases that extend more than 12 months. Key provisions in this guidance include additional disclosures surrounding the amount, timing and uncertainty of cash flows arising from leases. The Company elected the effective date transition method and the package of practical expedients that permits no reassessment of whether any expired or existing contracts are or contain a lease, the lease classification for any expired or existing leases, and any initial direct costs for any existing leases as of the effective date.

**Reclassifications:** Certain accounts in the prior year financial statements have been reclassified to confirm with the presentation in the current year financial statements.

**Date of management review:** Subsequent events have been evaluated through October 27, 2023, which is the date the financial statements were available to be issued.

**Note 3 - Liquidity and Availability**

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

|  | <u>2023</u>         | <u>2022</u>         |
|--|---------------------|---------------------|
| Financial assets, at year-end:   |                     |                     |
| Cash and cash equivalents  | \$ 2,236,120        | \$ 5,922,072        |
| Receivables, net   | 2,677,858           | 21,848,705          |
| Beneficial interest in a charitable lead annuity trust                                 | 822,918             | 947,918             |
| Investments  | 73,435,142          | 38,693,784          |
| Endowment spending-rate distributions and appropriations                               | <u>700,000</u>      | <u>800,000</u>      |
| Financial assets, at year-end  | 79,872,038          | 68,212,479          |
| Less those unavailable for general expenditures within one year, due to:               |                     |                     |
| Purpose and time restrictions by donor   | (3,738,525)         | (2,925,283)         |
| Perpetual restrictions by donor  | (9,170,368)         | (8,745,368)         |
| Board designated   | (64,272,971)        | (52,375,689)        |
| Plus eliminating entries   | <u>1,465,000</u>    | <u>465,000</u>      |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 4,155,174</u> | <u>\$ 4,631,139</u> |

Included in the previous table is approximately \$ 64,270,000 in Board designated funds. Distribution of these funds may be adjusted, at their discretion, based on the liquidity needs of SFBPS.



**Note 3 - Liquidity and Availability (continued)**

In the event of an unanticipated liquidity need, SFPBS could draw upon approximately \$ 9,300,000 of available line of credit (Note 10).

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

**Note 4 - Net Assets**

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

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

The net assets without donor restrictions of the quasi-endowment amounted to \$ 64,272,971 and \$ 52,375,689 at June 30, 2023 and 2022, respectively, and are classified as Board designated in the accompanying consolidated statements of financial position.

Net assets with donor purpose and time restrictions reflect the Foundation's interest in a charitable lead annuity trust, other split interest agreements, and funds established for specific programming and capital campaign purposes. Under the terms of certain annuity agreements, the Foundation is required to pay the donor, or the donor's designee, an annual return on the underlying assets during their lifetime. Upon the death of the donor or designee, such amounts will revert to the Foundation and will be reclassified from net assets with donor restrictions to net assets without donor restrictions. The Foundation used \$0 and \$ 553,903 for the purchase of the designated types of programs from the fund established for specific types of programming, for the years ended June 30, 2023 and 2022, respectively.

Investment returns on endowment funds which are required to be added to the related endowment by donor stipulations or by law are also classified as net assets with donor restrictions. Investment returns on endowment funds, which are not required to be added to the related endowment are classified as net assets without donor restrictions. Consistent with the terms of the endowment, SFPBS received \$ 527,636 and \$ 624,787 during the years ended June 30, 2023 and 2022, respectively, from the true endowment for specific programming purposes, and SFPBS also received \$ 148,870 and \$ 179,975 during the years ended June 30, 2023 and 2022, respectively, from the Vernon Julianne Trust.

**Note 5 - Investments**

Investments at June 30, 2023 and 2022 consist of the following:

|  | <u>2023</u>          | <u>2022</u>          |
|--|----------------------|----------------------|
| Investments of endowment funds in equity funds                     | \$ 5,542,161         | \$ 5,408,921         |
| Investments of endowment funds in fixed income securities          | 4,475,427            | 3,253,173            |
| Investments of endowment funds in mutual funds                     | 624,172              | 513,808              |
| Investments of gifts of future interest in equity funds            | 1,069,133            | 3,074,675            |
| Investments of gifts of future interest in fixed income securities | 3,296,850            | 1,115,948            |
| Investment of gifts of future interest in mutual funds             | 92,877               | 78,431               |
| Other investments in equity funds                                  | 8,838,982            | 8,081,248            |
| Other investments in fixed income securities                       | 8,272,224            | 9,113,384            |
| Other investments in mutual funds                                  | 8,068,136            | 8,054,196            |
| Other investments in private equities                              | <u>33,155,180</u>    | <u>-</u>             |
| Total investments  | <u>\$ 73,435,142</u> | <u>\$ 38,693,784</u> |

**Note 6 - Fair Value Measurement**

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

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

**Note 6 - Fair Value Measurement (continued)**

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

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

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

Alternative investments consist of private equity funds. Alternative investments (non-traditional, not readily-marketable assets), some of which are structured such that SFPBS holds limited partnership interests, are stated at fair value as estimated in an unquoted market. Individual investment holdings within the alternative investments may, in turn, include investments in both non-marketable and market-traded securities. Valuation of these investments and, therefore SFPBS holdings, are determined by the investment manager or general partner. Values may be based on historical costs, appraisals, or other estimates that require varying degrees of judgment. While these financial instruments may contain varying degrees of risk, SFPBS's risk with respect to such transactions is limited to its capital balance, and any remaining commitments, in each investment.

SFPBS believes the method for providing estimated fair values on these financial instruments is reasonable. Alternative investments often do not have readily determinable market values and their estimated value is subject to uncertainty. Therefore, there may be a significant difference between their estimated value and the value that would have been used had a readily determinable fair market value for such investments existed.

The following table represents the investments at June 30, 2023:

|                           | <u>Level 1</u>       | <u>Level 2</u>       | <u>Level 3</u> | <u>Net Asset Value (NAV)</u> | <u>Total 2023</u>    |
|---------------------------|----------------------|----------------------|----------------|------------------------------|----------------------|
| Asset Class:              |                      |                      |                |                              |                      |
| Equities and equity funds | \$ 15,450,276        | \$ -                 | \$ -           | \$ -                         | \$ 15,450,276        |
| Fixed income securities   | -                    | 16,044,501           | -              | -                            | 16,044,501           |
| Mutual funds              | 8,785,185            | -                    | -              | -                            | 8,785,185            |
| Private equities          | <u>-</u>             | <u>-</u>             | <u>-</u>       | <u>33,155,180</u>            | <u>33,155,180</u>    |
| Total                     | <u>\$ 24,235,461</u> | <u>\$ 16,044,501</u> | <u>\$ -</u>    | <u>\$ 33,155,180</u>         | <u>\$ 73,435,142</u> |

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

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

**South Florida PBS, Inc. and Affiliates**  
**Notes to Consolidated Financial Statements**  
**June 30, 2023 and 2022**

**Note 6 - Fair Value Measurement (continued)**

For the years ended June 30, 2023 and 2022, there were no transfers between Level 1, 2 and 3. The Foundation's policy is to recognize transfers in and out as of the actual date of the event or change in circumstances that caused the transfer.

The following summary represents the funds reported at NAV as of June 30,

|                      | As of June 30, 2023 |                         | As of June 30, 2022 |                         | Manager's<br>Anticipation of<br>Commitment<br>Timing | Redemption<br>Frequency | Redemption<br>Notice Period |
|----------------------|---------------------|-------------------------|---------------------|-------------------------|--|-------------------------|-----------------------------|
|                      | Fair<br>Value       | Unfunded<br>Commitments | Fair<br>Value       | Unfunded<br>Commitments |  |                         |                             |
| Private equities (a) | \$ 33,155,180       | \$ 4,953,000            | \$ -                | \$ -                    | Closely held company<br>10 to 15 years               | No Liquidity            | N/A                         |

(a) Private equity funds include limited partnership interests held by SFPBS in real estate and venture capital.

**Note 7 - Endowments and Other Restricted Net Assets**

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

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

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

**Spending policies:** The Foundation has a policy of appropriating for distribution an amount equal to 7% of the total available funds within certain endowments. SFPBS has the option to withdraw the entire 7% (Note 4) in any fiscal year or defer payment thereof until future years. At the discretion of the Board, the Foundation may grant SFPBS additional funding.

Endowment net asset composition by type of fund as of June 30, 2023 is as follows:

|                                  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total<br>2023 |
|----------------------------------|-------------------------------|----------------------------|---------------|
| Donor-restricted endowment funds | \$ -                          | \$ 9,179,094               | \$ 9,179,094  |
| Board-designated endowment funds | 64,272,971                    | -                          | 64,272,971    |
| Total funds                      | \$ 64,272,971                 | \$ 9,179,094               | \$ 73,452,065 |

**South Florida PBS, Inc. and Affiliates**  
**Notes to Consolidated Financial Statements**  
**June 30, 2023 and 2022**

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

Changes in endowment net assets for the fiscal year ended June 30, 2023 are as follows:

|  | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total<br/>2023</u> |
|--|---------------------------------------|------------------------------------|-----------------------|
| Endowment net assets, at beginning of year | \$ 52,375,689                         | \$ 8,745,368                       | \$ 61,121,057         |
| Net investment income (loss)               | 17,632,668                            | 8,726                              | 17,641,394            |
| Contributions                              | 3,915,901                             | 425,000                            | 4,340,901             |
| Satisfaction of program restrictions, net  | 758,510                               | -                                  | 758,510               |
| Expenditures                               | (511,740)                             | -                                  | (511,740)             |
| Transfers                                  | <u>(9,898,057)</u>                    | <u>-</u>                           | <u>(9,898,057)</u>    |
| Endowment net assets, at end of year       | <u>\$ 64,272,971</u>                  | <u>\$ 9,179,094</u>                | <u>\$ 73,452,065</u>  |

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

|                                  | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total<br/>2022</u> |
|----------------------------------|---------------------------------------|------------------------------------|-----------------------|
| Donor-restricted endowment funds | \$ -                                  | \$ 8,745,368                       | \$ 8,745,368          |
| Board-designated endowment funds | <u>52,375,689</u>                     | <u>-</u>                           | <u>52,375,689</u>     |
| Total funds                      | <u>\$ 52,375,689</u>                  | <u>\$ 8,745,368</u>                | <u>\$ 61,121,057</u>  |

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

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

**South Florida PBS, Inc. and Affiliates**  
**Notes to Consolidated Financial Statements**  
**June 30, 2023 and 2022**

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

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

|  | <u>2023</u>          | <u>2022</u>          |
|--|----------------------|----------------------|
| Learning and cultural arts center and capital campaign | \$ 2,648,755         | \$ 1,993,952         |
| Restricted earnings from endowments                    | 8,726                | -                    |
| Other programs and time restrictions                   | <u>1,081,044</u>     | <u>931,331</u>       |
|  | <u>3,738,525</u>     | <u>2,925,283</u>     |
| Endowments:  |                      |                      |
| Required to be held in perpetuity by the donor         | <u>9,170,368</u>     | <u>8,745,368</u>     |
| Total  | <u>\$ 12,908,893</u> | <u>\$ 11,670,651</u> |

For the years ended June 30, 2023 and 2022, approximately \$ 759,000 and \$ 453,000, respectively, were released from other programs and time restrictions.

**Note 8 - Property and Equipment**

Property and equipment consists of the following as of June 30, 2023 and 2022:

|  | <u>2023</u>         | <u>2022</u>         | <u>Estimated Useful Lives in Years</u> |
|--|---------------------|---------------------|--|
| Engineering and production equipment     | \$ 1,710,376        | \$ 1,508,360        | 5-7                                    |
| Computer, office furniture and equipment | 1,026,781           | 892,104             | 3-5                                    |
| Transmitter, tower and antenna           | 2,956,618           | 2,918,118           | 15                                     |
| Leasehold improvements                   | 4,762,294           | 4,683,750           | 7-15                                   |
| Vehicles                                 | 85,537              | 50,806              | 5                                      |
|  | <u>10,541,606</u>   | <u>10,053,138</u>   |  |
| Less accumulated depreciation            | <u>4,540,956</u>    | <u>3,667,292</u>    |  |
|  | 6,000,650           | 6,385,846           |  |
| Construction in progress                 | <u>1,416,029</u>    | <u>602,480</u>      |  |
|  | <u>\$ 7,416,679</u> | <u>\$ 6,988,326</u> |  |

Provision for depreciation/amortization was approximately \$ 860,000 and \$ 866,000 for the years ended June 30, 2023 and 2022, respectively.

### **Note 9 - FCC Broadcast Licenses**

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

SFPBS performs impairment testing on the FCC broadcast licenses annually or when an event triggering impairment may have occurred. An impairment is considered to exist if the fair value of the FCC broadcast license is less than the carrying amount. If an impairment exists, the impairment loss is measured by the difference between the fair value and carrying amount. SFPBS's estimate of fair value is based upon, among other things, market conditions including other acquisitions of FCC broadcast licenses. Assumptions underlying fair value estimates are subject to significant risks and uncertainties. For the years ended June 30, 2023 and 2022, management has determined that no impairment exists.

### **Note 10 - Line of Credit**

Previously, the Foundation entered into an agreement with an investment firm to borrow against certain investment holdings. The margin loan is collateralized by certain endowment assets held by the investment firm, and the amount of credit available (\$ 9,300,000 at June 30, 2023) is determined by a certain percentage of the market value of each asset type. The loan balance at June 30, 2023 and 2022 was \$ 0 and \$ 7,129,315, respectively. The rate of interest varies and is based on the relationship and dollar amount of assets under management (3.00% as of June 30, 2023). The loan is collateralized by investments, including cash equivalents, with a fair value of \$ 15,250,000 at June 30, 2023. For the years ended June 30, 2023 and 2022, interest expense in the amounts of \$ 90,800 and \$ 152,350, respectively, was charged in connection with this margin loan.

### **Note 11 - Community Service and Other Grants**

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

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

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

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

### Note 12 - Split Interest Agreements

The Foundation accepts gifts subject to split interest agreements. A split interest agreement is created when a donor contributes assets to the Foundation or places them in a trust for the benefit of the Foundation, but the Foundation is not the sole beneficiary of the assets' economic value. These gifts are in the form of charitable gift annuities or charitable remainder annuity trusts which provide that the Foundation, as trustee, make payments to designated beneficiaries in accordance with the applicable donor's trust or contractual agreement. At the time of agreement, gifts are recorded at the fair market value of the asset received net of any applicable liability. Liabilities include the present value of projected future distributions to the annuity or trust beneficiaries and are determined using the prevailing rate for computing charitable deductions for such gifts. The present value of the estimated future payments is \$ 2,053,579 and \$ 2,098,773 at June 30, 2023 and 2022, respectively, using discount rates ranging from 0.4% to 6.2% and applicable mortality tables. On a quarterly basis, the Foundation reevaluates the amount of estimated future payments. For the years ended June 30, 2023 and 2022, the Foundation reported a change in value of split-interest agreements of approximately \$ (48,000) and \$ (62,000), respectively. Split interest agreements are recorded as funds with donor restrictions depending on donor-imposed stipulations. The Foundation is required to hold qualifying assets generally in excess of the minimum gift annuity reserves required by Florida law. The reserve amount is calculated following assumptions set forth by Florida Statute in Section 627.481(2)(a)1.b.

In 2022, SFPBS was named a charitable beneficiary of a split interest agreement, charitable lead annuity trust ("CLAT") amounting to \$ 1 million and payable in annual installments through 2029. This amount is to be held in perpetuity in accordance with the terms of the gift agreement.

### Note 13 - Employee Benefit Plans

**Defined Benefit Plan:** SFPBS sponsored a noncontributory defined benefit pension plan (the Plan) that covered substantially all of its employees that previously worked for WPBT. The Plan was amended effective March 30, 2006 to provide that there will be no further benefits after that date. Benefits previously accrued under the Plan will be preserved, but no additional increases in accrued benefits will occur after that date. Benefits are based on an employee's years of service and earnings during the ten years ending March 30, 2006. In accordance with its present annual funding policy, SFPBS contributes the minimum amount required by regulations of the Employee Retirement Income Security Act ("ERISA"). For the years ending June 30, 2023 and 2022, SFPBS made required contributions of approximately \$ 0 and \$ 1,993,200, respectively, to the Plan. The actuarial valuation has determined that there is no amount due to be contributed to the Plan during the fiscal year ending June 30, 2024.

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



**South Florida PBS, Inc. and Affiliates**  
**Notes to Consolidated Financial Statements**  
**June 30, 2023 and 2022**

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**Note 13 - Employee Benefit Plans (continued)**

The following table displays the funding status of the Plan for the years ended June 30, 2023 and 2022:

|                               | <u>2023</u>         | <u>2022</u>         |
|-------------------------------|---------------------|---------------------|
| Fair value of Plan assets     | \$ 13,443,753       | \$ 13,045,367       |
| Projected benefit obligation  | <u>(13,083,279)</u> | <u>(14,027,871)</u> |
| Net pension asset (liability) | \$ <u>360,474</u>   | \$ <u>(982,504)</u> |

There were benefits of \$ 1,013,595 and \$ 1,044,762 paid during the years ended June 30, 2023 and 2022, respectively. Further, SFPBS recorded a pension expense of \$ 14,376 and \$ 103,245 for the years ended June 30, 2023 and 2022, respectively.

Asset allocation by asset category based on fair value at June 30, 2023 and 2022 are as follows:

|                           | <u>2023</u>          | <u>2022</u>          |
|---------------------------|----------------------|----------------------|
| Equity securities         | \$ 8,578,041         | \$ 7,178,958         |
| Debt securities           | 3,923,701            | 3,749,351            |
| Cash and cash equivalents | 218,078              | 1,387,420            |
| Other                     | <u>723,933</u>       | <u>729,638</u>       |
|                           | \$ <u>13,443,753</u> | \$ <u>13,045,367</u> |

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

|   | <u>2023</u> | <u>2022</u> |
|---|-------------|-------------|
| Weighted-average assumptions:                         |             |             |
| Discount rate to determine benefit obligation         | 4.92%       | 4.48%       |
| Discount rate to determine net periodic pension costs | 4.48%       | 2.84%       |
| Expected rate of return on Plan assets                | 6.00%       | 6.00%       |
| Measurement date                                      | 6/30/23     | 6/30/22     |

For the years ended June 30, 2023 and 2022, the mortality assumptions are from the 2014 Society of Actuaries Basic Mortality Table (complete dataset) with full generational projection using the 2015 SOA Projection Scale.

The following table reflects the changes in the pension liability(asset) for the years ended June 30, 2023 and 2022 using the above assumptions:

|  | <u>2023</u>         | <u>2022</u>       |
|--|---------------------|-------------------|
| Net pension (asset) liability, beginning of year | \$ 982,504          | \$ 3,203,587      |
| Contributions                                    | -                   | (1,993,174)       |
| Pension liability adjustment                     | (1,357,354)         | (331,154)         |
| Net periodic benefit cost                        | <u>14,376</u>       | <u>103,245</u>    |
| Net pension (asset) liability, end of year       | \$ <u>(360,474)</u> | \$ <u>982,504</u> |

**South Florida PBS, Inc. and Affiliates**  
**Notes to Consolidated Financial Statements**  
**June 30, 2023 and 2022**

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**Note 13 - Employee Benefit Plans (continued)**

The net periodic benefit cost for the years ended June 30, 2023 and 2022 is calculated as follows:

|                           | <u>2023</u>      | <u>2022</u>       |
|---------------------------|------------------|-------------------|
| Interest cost             | \$ 604,818       | \$ 465,901        |
| Net loss amortization     | 239,019          | 359,865           |
| Expected return on assets | <u>(829,461)</u> | <u>(722,521)</u>  |
|                           | <u>\$ 14,376</u> | <u>\$ 103,245</u> |

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

| <u>Years Ending<br/>June 30,</u> | <u>Amount</u> |
|----------------------------------|---------------|
| 2024                             | \$ 1,034,249  |
| 2025                             | \$ 1,046,378  |
| 2026                             | \$ 1,045,333  |
| 2027                             | \$ 1,047,877  |
| 2028                             | \$ 1,036,856  |
| 2029-2033                        | \$ 4,846,205  |

**Deferred Contribution Plan:** In July of 2017, SFPBS initiated the sponsorship of a salary reduction contribution plan pursuant to Section 403(b)(7) of the Internal Revenue Code, covering substantially all employees. This plan replaced the 401(k) and restated the 403(b) plans formerly offered to WPBT and WXEL employees, respectively. The Plan allows the participant to make pre-tax and after-tax (Roth) contributions up to defined statutory limits. SFPBS may, at its discretion, make a matching contribution based on a percentage of the participant's Plan contributions, as well as non elective contribution. Total expense in conjunction with these matching contributions for the years ended June 30, 2023 and 2022 was approximately \$ 211,800 and \$ 104,400, respectively.

**Note 14 - Income Taxes**

SFPBS and the Foundation have qualified as nonprofit organizations under Internal Revenue Code Section 501(a) as organizations described in Section 501(c)(3) and are exempt from income taxes. Comtel is organized as a for-profit entity and, as such, is subject to income taxes. Income taxes for Comtel are accounted for using the liability method under which deferred tax liabilities and assets are recognized based on the expected future tax consequences of the differences between the financial statements and tax bases of assets and liabilities using enacted rates in effect for the year in which the differences are expected to reverse. A valuation allowance is established when it is more likely than not that all or a portion of a deferred tax asset will not be realized. Comtel did not have a material provision or credit for income taxes for the years ended June 30, 2023 and 2022. At June 30, 2023 and 2022, Comtel had a deferred tax asset of approximately \$ 49,000 and \$ 44,000, respectively, primarily related to net operating loss carryforwards of approximately \$ 201,000. The deferred tax assets have been offset in full by a valuation allowance at June 30, 2023 and 2022 since, in the opinion of management, it is more likely than not that the deferred tax asset benefit will not be realized.

**Note 15 - Employment Agreement**

SFPBS and Comtel previously entered into employment agreements with a former officer (the SFPBS Agreement and the Comtel Agreement). SFPBS Agreement terminated May 14, 2004 upon retirement of the officer. Post-termination health insurance benefits will be provided at 50% of cost for the remainder of the employee's life. In addition, SFPBS has purchased a life insurance policy for the officer for which SFPBS is only entitled to receive an amount equal to the premiums paid. As of June 30, 2023 and 2022, the amount approximated \$ 367,600 and is included in the cash surrender value and premiums receivable in the accompanying consolidated statements of financial position.

The Comtel Agreement provided for supplemental retirement benefits in the amount of \$ 3,000 per month to the officer or his beneficiaries for a continuous period of 15 years, which began in November 2004. In connection with its obligations under the Comtel agreement, Comtel has purchased a life insurance policy with a cash surrender value of approximately \$ 496,000 and \$ 491,000 at June 30, 2023 and 2022, respectively.

**Note 16 - Donated Facilities**

The land upon which the SFPBS Boynton Beach facilities were constructed was donated to SFPBS by the City of Boynton Beach, Florida. A deed restriction required the property to be used as a nonprofit education and/or public broadcasting facility. The estimated annual fair rent value of the Boynton Beach facilities for the years ended June 30, 2023 and 2022 was approximately \$ 992,800 and \$ 956,100, respectively, which is recorded as an in-kind contribution revenue and expense in the accompanying statements of activities. Management has determined these amounts on a square footage basis in accordance with the applicable market rates established annually by the Florida Department of Management Services' Master Leasing Report.

**Note 17 - Commitments and Contingencies**

**Finance leases:** SFPBS previously entered into finance lease agreements for the purchase of equipment. Additionally, following the sale of a broadcast tower and transmitter building in fiscal year 2014, SFPBS entered into an initial 15-year finance lease for space on the tower.

The leases are payable in aggregate monthly installments of approximately \$ 20,400, including implied interest ranging from approximately 5.75% to 22.39%, through June 2024 and at lesser amounts thereafter. The finance lease liability, included in the consolidated statements of financial position, at June 30, 2023 and 2022 totaled approximately \$ 732,000 and \$ 833,000, respectively. Interest on the financial lease liabilities totaling approximately \$ 138,000 and \$ 148,000 for the years ended June 30, 2023 and 2022, respectively, are included in the interest expense in the consolidated statement of functional expenses.

Finance lease right of use assets totaled approximately \$ 400,300, net of accumulated amortization of approximately \$ 549,200. Amortization of finance lease right of use assets totaling approximately \$ 109,900 is included in provision for depreciation and amortization in the consolidated statement of functional expenses for the year ended June 30, 2023.

The weighted average remaining lease term and discount rate on finance leases is 4.5 years and 19.27%, respectively.

**Note 17 - Commitments and Contingencies (continued)**

Approximate future minimum estimated finance lease payments at June 30, 2023:

| Years Ending<br>June 30,                      | Amount            |
|---|-------------------|
| 2024  | \$ 244,200        |
| 2025  | 249,100           |
| 2026  | 228,700           |
| 2027  | 178,300           |
| 2028  | 183,600           |
| Thereafter                                    | <u>61,800</u>     |
| Total lease payments                          | 1,145,700         |
| Less amount representing<br>interest          | <u>(414,100)</u>  |
| Present value of finance<br>lease liabilities | <u>\$ 731,600</u> |

**Grant and contract revenue:** Grant, contract, and other award revenue received is subject to audit and adjustment by federal, state and/or local agencies. If any amount is disallowed by an awarding agency as a result of an audit, such amount becomes a liability of SFPBS regardless of whether or not management concurs with the ruling of the applicable agency. Any known material amounts have been accrued by management as of June 30, 2023 and 2022, respectively.

**Funding commitments:** SFPBS has entered into various separate funding commitments on certain alternative investments. The remaining commitment as of June 30, 2023 is approximately \$ 5 million.

**Note 18 - Joint Master Control**

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

DCA was the recipient of a \$ 7 million grant from the Corporation for Public Broadcasting for the purpose of financing DCA's purchase of equipment. Member stations contributed a combined total of \$ 777,777; SFPBS's share was \$ 70,707. The \$ 70,707 is being amortized over the 10-year initial service period. The remaining balances of approximately \$ 14,100 and \$ 21,200 at June 30, 2023 and 2022, respectively, are included in other assets on the consolidated statements of financial position.

The member stations will pay annual fees to DCA to cover the cost of operating the master control services, administrative services, insurance, capital needs, etc. SFPBS incurred approximately \$ 271,900 for each of the years ended June 30, 2023 and 2022, respectively. During each of the years ended June 30, 2023 and 2022, SFPBS expended approximately \$ 22,700, for future services which are reflected as prepaid expenses. Member stations are required to continue their participation in the DCA for ten years in order to avoid penalty (at CPB's discretion, a penalty of 10% of the grant amount during the first five years and 5% of the grant amount during the second five years).

**Note 19 - Related Party Transactions**

During the years ended June 30, 2023 and 2022, SFPBS recorded approximately \$ 1,303,000 and \$ 730,000, respectively, in contributions from board members and their related entities.

SFPBS utilizes firms owned by certain board members to provide services such as investment management and legal representation. Fees paid to these firms during the years ended June 30, 2023 and 2022 amounted to approximately \$ 428,200 and \$ 7,000, respectively.

**Note 20 - Employee Retention Credits**

The CARES Act provides an employee retention credit (“CARES Employee Retention Credit”), which is a refundable tax credit against certain employment taxes of up to \$ 5,000 per employee for eligible employers. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$ 10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extend and expand the qualified wage caps on these credits through December 31, 2021. Based on these additional provisions, the tax credit is now equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee has been increased to \$ 10,000 of qualified wages per quarter. During the years ended June 30, 2023 and 2022, SFPBS recorded approximately \$ 1,402,400 and \$ 160,200, respectively, related to the CARES Employee Retention Credit on the accompanying consolidated statements of activities. Management believes that SFPBS complied with and met all program-related guidelines, including, but not limited to, the decline in gross receipts and incurring qualifying expenses (payroll costs).

# SUPPLEMENTARY INFORMATION



**South Florida PBS, Inc. and Affiliates**  
**Supplementary Consolidating Schedule of Financial Position**  
**June 30, 2023**

|  | <u>South Florida<br/>PBS, Inc.</u> | <u>South Florida<br/>PBS<br/>Foundation, Inc.</u> | <u>Comtel</u>     | <u>Eliminating<br/>Entries</u> | <u>Consolidated<br/>Totals</u> |
|--|------------------------------------|---|-------------------|--------------------------------|--------------------------------|
| <b>Assets:</b>   |                                    |   |                   |                                |                                |
| Current assets:  |                                    |   |                   |                                |                                |
| Cash and cash equivalents  | \$ 1,444,499                       | \$ 752,853  | \$ 38,768         | \$ -                           | \$ 2,236,120                   |
| Receivables, net of allowance for doubtful accounts                            | 1,004,636                          | 1,648,172   | 25,050            | -                              | 2,677,858                      |
| Beneficial interest in a charitable lead annuity trust                         | -                                  | 125,000   | -                 | -                              | 125,000                        |
| Prepaid expenses and other assets  | 281,873                            | 14,640  | 2,171             | -                              | 298,684                        |
| Due from affiliate   | -                                  | 1,000,000   | -                 | (1,000,000)                    | -                              |
| Program broadcast rights, net of amortization                                  | <u>124,728</u>                     | <u>-</u>  | <u>-</u>          | <u>-</u>                       | <u>124,728</u>                 |
| Total current assets   | 2,855,736                          | 3,540,665   | 65,989            | (1,000,000)                    | 5,462,390                      |
| Other assets   | 46,384                             | -   | -                 | -                              | 46,384                         |
| Investments  | -                                  | 73,900,142  | -                 | (465,000)                      | 73,435,142                     |
| Cash surrender value and premiums receivable on life insurance policies        | 367,605                            | -   | 495,734           | -                              | 863,339                        |
| Program broadcast rights, net of amortization and current portion              | 40,419                             | -   | -                 | -                              | 40,419                         |
| Property and equipment, net  | 7,416,679                          | -   | -                 | -                              | 7,416,679                      |
| Beneficial interest in a charitable lead annuity trust, net of current portion | -                                  | 697,918   | -                 | -                              | 697,918                        |
| Net pension asset  | 360,474                            | -   | -                 | -                              | 360,474                        |
| FCC broadcast licenses   | <u>3,488,900</u>                   | <u>-</u>  | <u>-</u>          | <u>-</u>                       | <u>3,488,900</u>               |
| Total assets   | <u>\$ 14,576,197</u>               | <u>\$ 78,138,725</u>                              | <u>\$ 561,723</u> | <u>\$ (1,465,000)</u>          | <u>\$ 91,811,645</u>           |
| <b>Liabilities:</b>  |                                    |   |                   |                                |                                |
| Current liabilities:   |                                    |   |                   |                                |                                |
| Accounts payable   | \$ 338,694                         | \$ -  | \$ 350            | \$ -                           | \$ 339,044                     |
| Accrued expenses   | 620,308                            | -   | 2,039             | -                              | 622,347                        |
| Refundable program advances  | 1,392,984                          | -   | -                 | -                              | 1,392,984                      |
| Present value of annuity obligations   | -                                  | 200,559   | -                 | -                              | 200,559                        |
| Due to affiliate   | 1,000,000                          | -   | -                 | (1,000,000)                    | -                              |
| Finance lease liability  | <u>119,930</u>                     | <u>-</u>  | <u>-</u>          | <u>-</u>                       | <u>119,930</u>                 |
| Total current liabilities  | 3,471,916                          | 200,559   | 2,389             | (1,000,000)                    | 2,674,864                      |
| Deferred revenue and refundable advances                                       | 353,116                            | -   | -                 | -                              | 353,116                        |
| Present value of annuity obligations, due beyond one year                      | -                                  | 1,853,020   | -                 | -                              | 1,853,020                      |
| Finance lease liability, due beyond one year                                   | <u>611,665</u>                     | <u>-</u>  | <u>-</u>          | <u>-</u>                       | <u>611,665</u>                 |
| Total liabilities  | <u>4,436,697</u>                   | <u>2,053,579</u>                                  | <u>2,389</u>      | <u>(1,000,000)</u>             | <u>5,492,665</u>               |
| <b>Net Assets:</b>   |                                    |   |                   |                                |                                |
| Without donor restrictions:  |                                    |   |                   |                                |                                |
| Board designated   | -                                  | 64,272,971  | -                 | -                              | 64,272,971                     |
| Undesignated   | 9,042,782                          | -   | 94,334            | -                              | 9,137,116                      |
| Common stock   | -                                  | -   | 5,000             | (5,000)                        | -                              |
| Paid in capital  | -                                  | -   | 460,000           | (460,000)                      | -                              |
| With donor restrictions:   |                                    |   |                   |                                |                                |
| Purpose and time restrictions  | 1,096,718                          | 2,641,807   | -                 | -                              | 3,738,525                      |
| Perpetual in nature  | <u>-</u>                           | <u>9,170,368</u>                                  | <u>-</u>          | <u>-</u>                       | <u>9,170,368</u>               |
| Total net assets   | <u>10,139,500</u>                  | <u>76,085,146</u>                                 | <u>559,334</u>    | <u>(465,000)</u>               | <u>86,318,980</u>              |
| Total liabilities and net assets   | <u>\$ 14,576,197</u>               | <u>\$ 78,138,725</u>                              | <u>\$ 561,723</u> | <u>\$ (1,465,000)</u>          | <u>\$ 91,811,645</u>           |

**South Florida PBS, Inc. and Affiliates**  
**Supplementary Consolidating Schedule of Activities**  
**For the Year Ended June 30, 2023**

|   | <u>South Florida<br/>PBS, Inc.</u> | <u>South Florida<br/>PBS<br/>Foundation, Inc.</u> | <u>Comtel</u>    | <u>Eliminating<br/>Entries</u> | <u>Consolidated<br/>Totals</u> |
|---|------------------------------------|---|------------------|--------------------------------|--------------------------------|
| <b>Change in Net Assets Without Donor Restrictions:</b> |                                    |   |                  |                                |                                |
| Revenues, gains (losses) and other support:             |                                    |   |                  |                                |                                |
| Contract productions                                    | \$ 18,824                          | \$ -  | \$ 260,374       | \$ -                           | \$ 279,198                     |
| Contributions and bequests                              | 10,030,932                         | 3,915,901   | -                | -                              | 13,946,833                     |
| Contributions and bequests of non-financial assets      | 1,019,753                          | -   | -                | -                              | 1,019,753                      |
| Satisfaction of program restrictions, net               | -                                  | 758,510   | -                | -                              | 758,510                        |
| Corporation for Public Broadcasting:                    |                                    |   |                  |                                |                                |
| Community service and other grants, net                 | 1,917,760                          | -   | -                | -                              | 1,917,760                      |
| CARES Act Employee Retention Credits                    | 1,402,372                          | -   | -                | -                              | 1,402,372                      |
| State of Florida Department of Education:               |                                    |   |                  |                                |                                |
| Community service grant                                 | 740,800                            | -   | -                | -                              | 740,800                        |
| Program and production underwriting, net of commissions | 1,189,452                          | -   | -                | -                              | 1,189,452                      |
| Net investment income (loss)                            | 6,212                              | 17,632,668  | 4,377            | -                              | 17,643,257                     |
| Other   | 233,067                            | -   | -                | -                              | 233,067                        |
|   | <u>16,559,172</u>                  | <u>22,307,079</u>                                 | <u>264,751</u>   | <u>-</u>                       | <u>39,131,002</u>              |
| <b>Operating Expenses:</b>                              |                                    |   |                  |                                |                                |
| Program services:                                       |                                    |   |                  |                                |                                |
| Programming and production                              | 10,483,861                         | -   | 517,975          | -                              | 11,001,836                     |
| Broadcasting  | 3,102,589                          | -   | -                | -                              | 3,102,589                      |
|   | <u>13,586,450</u>                  | <u>-</u>  | <u>517,975</u>   | <u>-</u>                       | <u>14,104,425</u>              |
| Supporting services:                                    |                                    |   |                  |                                |                                |
| Development and fundraising                             | 4,764,809                          | -   | -                | -                              | 4,764,809                      |
| Management and general                                  | 2,745,115                          | 511,740   | -                | -                              | 3,256,855                      |
|   | <u>7,509,924</u>                   | <u>511,740</u>                                    | <u>-</u>         | <u>-</u>                       | <u>8,021,664</u>               |
| Total operating expenses                                | <u>21,096,374</u>                  | <u>511,740</u>                                    | <u>517,975</u>   | <u>-</u>                       | <u>22,126,089</u>              |
| Change in net assets without donor restrictions         | <u>(4,537,202)</u>                 | <u>21,795,339</u>                                 | <u>(253,224)</u> | <u>-</u>                       | <u>17,004,913</u>              |
| <b>Change in Net Assets With Donor Restrictions:</b>    |                                    |   |                  |                                |                                |
| Contributions   | 1,096,718                          | 535,000   | -                | -                              | 1,631,718                      |
| Net investment income (loss)                            | -                                  | 412,867   | -                | -                              | 412,867                        |
| Change in present value of annuity obligations          | -                                  | (47,833)  | -                | -                              | (47,833)                       |
| Net assets released from restrictions                   | -                                  | (758,510)   | -                | -                              | (758,510)                      |
|   | <u>1,096,718</u>                   | <u>141,524</u>                                    | <u>-</u>         | <u>-</u>                       | <u>1,238,242</u>               |
| Change in net assets before other items                 | <u>(3,440,484)</u>                 | <u>21,936,863</u>                                 | <u>(253,224)</u> | <u>-</u>                       | <u>18,243,155</u>              |
| <b>Other items:</b>                                     |                                    |   |                  |                                |                                |
| Intercompany transfers and contributions                | 9,665,952                          | (9,898,057)                                       | 232,105          | -                              | -                              |
| Change in net assets                                    | 6,225,468                          | 12,038,806  | (21,119)         | -                              | 18,243,155                     |
| <b>Pension Liability Adjustment</b>                     | <u>1,357,354</u>                   | <u>-</u>  | <u>-</u>         | <u>-</u>                       | <u>1,357,354</u>               |
| <b>Net Assets, beginning of year</b>                    | <u>2,556,678</u>                   | <u>64,046,340</u>                                 | <u>115,453</u>   | <u>-</u>                       | <u>66,718,471</u>              |
| <b>Net Assets, end of year</b>                          | <u>\$ 10,139,500</u>               | <u>\$ 76,085,146</u>                              | <u>\$ 94,334</u> | <u>\$ -</u>                    | <u>\$ 86,318,980</u>           |



**South Florida PBS, Inc. and Affiliates**  
**Supplementary Consolidating Schedule of Cash Flows**  
**For the Year Ended June 30, 2023**

|  | <u>South Florida<br/>PBS, Inc.</u> | <u>South Florida<br/>PBS<br/>Foundation, Inc.</u> | <u>Comtel</u>    | <u>Eliminating<br/>Entries</u> | <u>Consolidated<br/>Totals</u> |
|--|------------------------------------|---|------------------|--------------------------------|--------------------------------|
| <b>Operating Activities:</b>                                   |                                    |   |                  |                                |                                |
| Cash received from supporters,<br>customers and grant agencies | \$ 16,827,074                      | \$ 24,598,125                                     | \$ 309,119       | \$ -                           | \$ 41,734,318                  |
| Interest received  | -                                  | -   | 4,377            | -                              | 4,377                          |
| Interest paid  | (222,105)                          | -   | -                | -                              | (222,105)                      |
| Cash paid for support services<br>to suppliers and employees   | <u>(18,637,027)</u>                | <u>(603,760)</u>                                  | <u>(527,455)</u> | <u>-</u>                       | <u>(19,768,242)</u>            |
| Net cash provided by<br>(used in) operating activities         | <u>(2,032,058)</u>                 | <u>23,994,365</u>                                 | <u>(213,959)</u> | <u>-</u>                       | <u>21,748,348</u>              |
| <b>Investing Activities:</b>                                   |                                    |   |                  |                                |                                |
| Cash received from sales or maturities<br>of investments       | -                                  | 33,351,439  | -                | -                              | 33,351,439                     |
| Cash paid for property and equipment                           | (1,302,014)                        | -   | -                | -                              | (1,302,014)                    |
| Cash paid for investments                                      | <u>-</u>                           | <u>(50,252,544)</u>                               | <u>-</u>         | <u>-</u>                       | <u>(50,252,544)</u>            |
| Net cash provided by<br>(used in) investing activities         | <u>(1,302,014)</u>                 | <u>(16,901,105)</u>                               | <u>-</u>         | <u>-</u>                       | <u>(18,203,119)</u>            |
| <b>Financing Activities:</b>                                   |                                    |   |                  |                                |                                |
| Repayment of borrowings from<br>financial institutions         | (7,322,027)                        | -   | -                | -                              | (7,322,027)                    |
| Proceeds from borrowings from<br>financial institutions        | 90,846                             | -   | -                | -                              | 90,846                         |
| Advances to affiliate, net                                     | -                                  | (10,898,057)                                      | -                | 10,898,057                     | -                              |
| Advances from affiliate, net                                   | <u>10,665,952</u>                  | <u>-</u>  | <u>232,105</u>   | <u>(10,898,057)</u>            | <u>-</u>                       |
| Net cash provided by (used in)<br>financing activities         | <u>3,434,771</u>                   | <u>(10,898,057)</u>                               | <u>232,105</u>   | <u>-</u>                       | <u>(7,231,181)</u>             |
| Net increase (decrease)<br>in cash and cash<br>equivalents     | <u>100,699</u>                     | <u>(3,804,797)</u>                                | <u>18,146</u>    | <u>-</u>                       | <u>(3,685,952)</u>             |
| <b>Cash and Cash Equivalents, beginning<br/>of year</b>        | <u>1,343,800</u>                   | <u>4,557,650</u>                                  | <u>20,622</u>    | <u>-</u>                       | <u>5,922,072</u>               |
| <b>Cash and Cash Equivalents, end of year</b>                  | <u>\$ 1,444,499</u>                | <u>\$ 752,853</u>                                 | <u>\$ 38,768</u> | <u>\$ -</u>                    | <u>\$ 2,236,120</u>            |

# INTERNAL CONTROLS AND COMPLIANCE

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of South Florida PBS, Inc. and Affiliates (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 27, 2023.

### Report on Internal Control Over Financial Reporting

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

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

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

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## **Report on Compliance and Other Matters**

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

### **Purpose of This Report**

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

KEEFE McCULLOUGH

Fort Lauderdale, Florida  
October 27, 2023