

Financial Statements and Report of Independent
Certified Public Accountants

KPBS FM/TV

(A Department of San Diego State University)

June 30, 2024 and 2023

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Deanna Mackey, General Manager
KPBS FM/TV

Opinion

We have audited the financial statements of the business-type activities of KPBS FM/TV, a department of San Diego State University (the "University"), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the business-type activities of KPBS FM/TV as of June 30, 2024 and 2023, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of matter

As discussed in Note 1 to the financial statements, the financial statements of KPBS FM/TV are intended to present the financial position, the changes in net position and cash flows of only that portion of the University that is attributable to the transactions of KPBS FM/TV. They do not purport to, and do not, present fairly the financial position of the University as of June 30, 2024 and 2023 and the changes in its net position and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of management for the financial statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about KPBS FM/TV's ability to continue as a going concern for one year after the date 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 US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required supplementary information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 18 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with US GAAS. These limited procedures consisted of inquiries of management about the

methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise KPBS FM/TV's basic financial statements. The accompanying supplementary schedules of revenues, expenses, and changes in net position by CPB licensee, direct and indirect support, and revenues and transfers for the year ended June 30, 2024 are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with US GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



San Diego, California
November 26, 2024

KPBS FM/TV
(A Department of San Diego State University)
Management's Discussion and Analysis
UNAUDITED
As of June 30, 2024 and 2023

Management's Discussion and Analysis (unaudited)

This section of the KPBS FM/TV (the Stations) annual financial report includes Management's Discussion and Analysis of the financial performance of the Stations for the fiscal years ended June 30, 2024 and 2023. This discussion should be read in conjunction with the financial statements and notes.

Introduction to the Financial Statements

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

The Stations' financial statements include the Statements of Net Position; the Statements of Revenues, Expenses and Changes in Net Position; and the Statements of Cash Flows. These statements are supported by notes to the financial statements and Management's Discussion and Analysis. All sections must be considered together to obtain a complete understanding of the financial picture of KPBS FM/TV.

Statements of Net Position: The Statements of Net Position include all assets, deferred outflows and inflows of resources, liabilities, and net position of KPBS FM/TV. The statements also identify major categories of restrictions on the net position of KPBS FM/TV.

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

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

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Management's Discussion and Analysis
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Financial Overview

Summary

The following discussion highlights management's understanding of the key financial aspects of the Stations' financial activities as of and for the years ended June 30, 2024 (FY24) and 2023 (FY23). Included is a comparative analysis of current year and prior year activities and balances; a discussion of restrictions of the Stations' net position; and a discussion of capital assets and long-term debt.

Significant Events – Year Ended June 30, 2024

Fiscal Year 2024 was defined by workforce stabilization, inflationary pressures including increased wage and benefit costs, program expansion, investments in revenue initiatives, and a strategic focus on Station "1 + 5" initiatives.

KPBS staffing stabilized with approximately 190 employees to support and further the Stations' activities. Management continues to focus on recruitment, retention, and development of staff to support the KPBS mission and future growth. Wage and benefit expenses, in concert with California State University guidelines, increased 5% in fiscal year 2024, after increasing 5% in 2023 and 7% in 2022. Historical base revenue growth (excluding the Capital Campaign) at the Station has averaged approximately 3% annually and has not kept pace with the fiscal year 24 rate of inflation and increased wage and benefit costs.

The Station invested approximately \$626,000 in new revenue initiatives including door-to-door canvassing, a mid-level donor cultivation program and implementation of an advanced member relationship management system.

As a result of a \$1.5 million grant fostering market research activities, KPBS launched an enterprise marketing initiative focused on advancing the KPBS brand and five key areas of mission and community service including local news, civic engagement/public conversations, arts & culture, the LatinX community and KPBS Families. Related to that initiative, KPBS received a \$3 million three year grant fostering the expansion of civic engagement in our community through increased public conversation and coverage of issues that matter to the greater San Diego region.

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Significant Events – Year Ended June 30, 2023

Fiscal Year 2023 was defined by workforce stabilization, reaching Capital Campaign fundraising goals, re-populating the Conrad Prebys Media Complex and forgiveness of the Paycheck Protection Program (PPP) loan.

The Stations' pandemic-era staffing turnover stabilized with most positions filled and approximately 185 total staff at year end working to support and further the KPBS mission.

KPBS concluded its capital campaign during the fiscal year and exceeded its fundraising goal of \$85.0 million. New gifts and pledge receivables recorded were \$2.2 million and \$1.1 million FY 2023 and FY 2022, respectively. Cash receipts related to the KPBS capital campaign pledges were \$5.2 million and \$4.7 million for FY 2023 and FY 2022, respectively. Cumulatively, as of June 30, 2023 KPBS raised \$50.2 million in realized cash gifts and pledges and \$43.7 million in contingent (unrealized) planned gift pledges.

The construction on the Conrad Prebys Media Complex was substantially complete and in-service as of April 2023 with staff beginning to re-populate the facility as early as January 2023. Total construction capitalized costs at June 30, 2023 are \$37.5 million. Additional capitalizable costs and expenses will continue to be incurred into FY 2024 in order to completely finish the project. Costs incurred that could not be capitalized on the building project were approximately \$2.7 million cumulatively through June 30, 2023.

The \$2.1 million Paycheck Protection Program loan received in FY 2021 under the Consolidated Appropriations Act 2021 (the Act) signed on December 27, 2020 and accrued interest was forgiven by the U.S. Small Business Administration on July 5, 2022. This amount is reflected as a Contribution in the FY 2023 Statements of Revenues, Expenses, and Changes in Net Position.

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The Stations' condensed summary of net position as of June 30, 2023, 2022, and 2021 is as follows:

	June 30,		
	2024	2023	2022
Assets:			
Current assets	\$ 11,693,482	\$ 14,847,617	\$ 19,419,060
Capital assets, net	52,539,233	52,273,634	51,444,949
Other noncurrent assets	18,246,039	19,587,830	20,521,227
Total assets	<u>82,478,754</u>	<u>86,709,081</u>	<u>91,385,236</u>
Deferred outflows of resources	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Liabilities:			
Current liabilities	9,340,488	11,534,336	9,783,048
Noncurrent liabilities	8,433,905	6,947,926	14,055,710
Total liabilities	<u>17,774,393</u>	<u>18,482,262</u>	<u>23,838,758</u>
Deferred inflows of resources	\$ <u>2,034,352</u>	\$ <u>2,684,608</u>	\$ <u>3,348,834</u>
Net position:			
Net investment in capital assets	43,725,840	40,734,826	36,300,094
Restricted - nonexpendable	4,954,165	4,880,370	4,378,381
Restricted - expendable	3,042,189	9,243,484	10,503,630
Unrestricted	10,947,815	10,683,531	13,015,539
Total net position	<u>\$ 62,670,009</u>	<u>\$ 65,542,211</u>	<u>\$ 64,197,644</u>

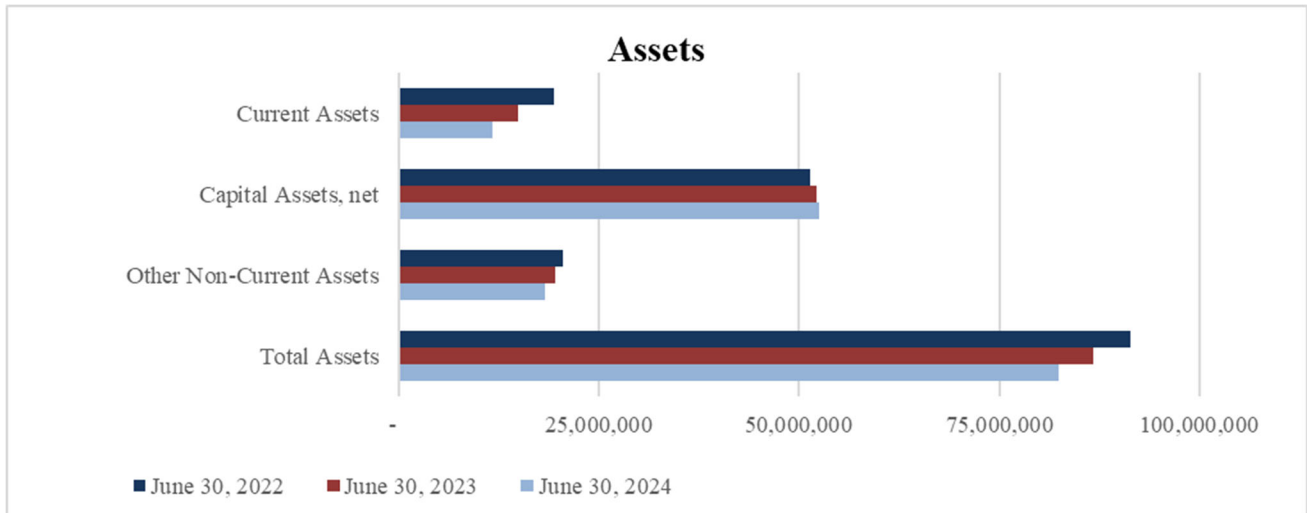
Assets

Total assets decreased \$4,230,000 and \$4,676,000 in FY24 and FY23, respectively.

Total assets decreased \$4,230,000 in FY24 mainly due to a reduction in Due from the San Diego State University Research Foundation (SDSURF) of \$2,197,000 due to a \$2,250,000 payment on the capital campaign Building loan, the reduction in accounts receivable of \$2,458,000 due mostly to payments on capital campaign pledges, the reduction in cash at SDSU of \$663,000 due to the payments for building construction and reduction in other current asset categories of \$141,000 offset by increase in investments of \$963,000 due to favorable market conditions and an increase in Capital assets of \$266,000 relative to the building expansion and renovation project

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Total assets decreased in FY23 due to the payments on accounts receivable net of new pledges of \$3,660,000, a \$2,226,000 reduction in cash held by San Diego State University mostly due to payments on building construction related payables, a reduction of amounts due from SDSURF of \$405,000, an increase of \$858,000 in net investments, an increase in Capital assets of \$829,000 relative to the building expansion and renovation project and reductions in other asset categories of \$72,000.



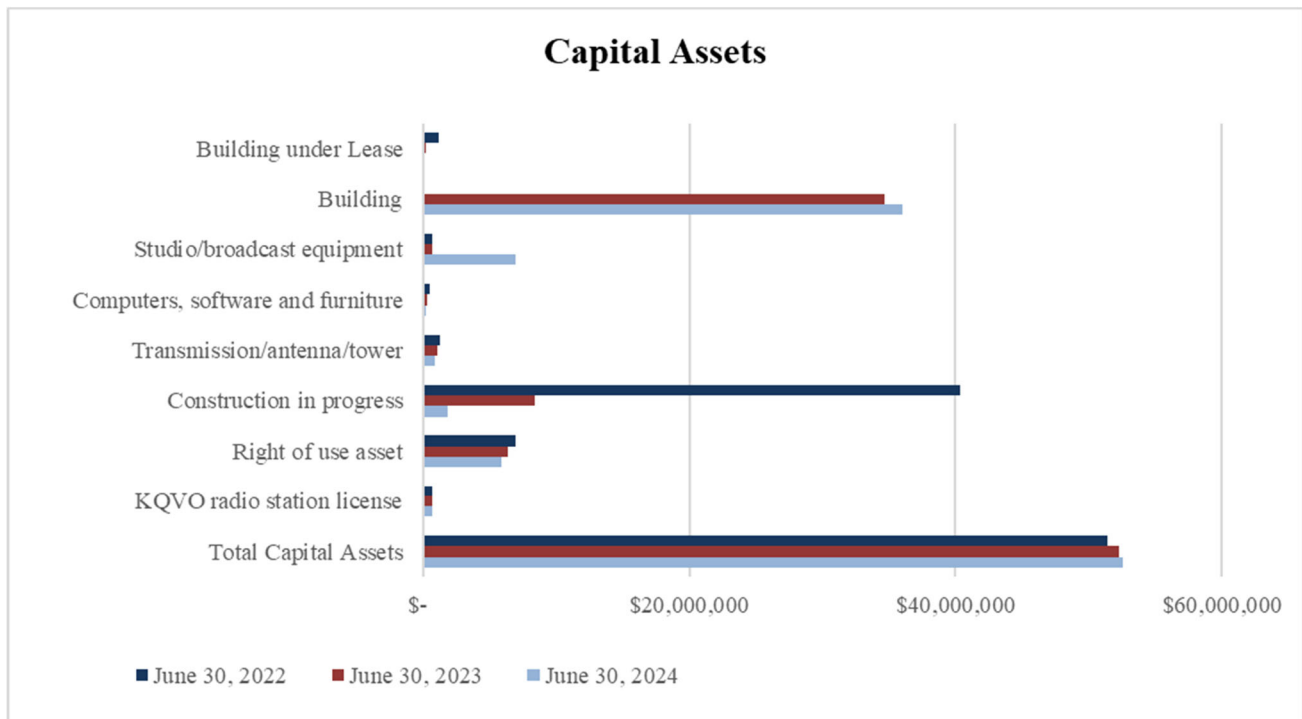
In FY24 current assets decreased by \$3,154,000 from FY23 mainly due to the utilization of cash in the building renovation and expansion project and payments on pledge receivables. Amounts due from SDSURF decreased \$2,197,000 mainly due to a payment on the Capital Campaign building loan, cash held by SDSU decreased \$663,000 due to payments on building related construction costs, accounts receivable decreased \$153,000 due to net pledge payments with all other current asset categories decreasing by \$141,000.

In FY23 current assets decreased by \$4,571,000 from FY22 mainly due to the utilization of cash in the building renovation and expansion project and payments on pledge receivables. Cash held by SDSU decreased \$2,226,000 mostly due to payments on construction related payables, accounts receivable decreased \$1,868,000 due to net pledge payments, amounts due from SDSURF decreased \$405,000 with all other current asset categories decreasing by \$72,000.

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

	June 30,		
	2024	2023	2022
Building under lease	\$ 133,228	\$ 169,871	\$ 1,175,645
Building	36,031,777	34,672,255	-
Studio/broadcast equipment	6,972,318	711,844	638,897
Computers, software and furniture	171,867	318,945	479,861
Transmission/antenna/tower	825,955	1,024,969	1,228,682
Right of Use Asset	5,856,628	6,350,455	6,909,171
Construction in progress	1,877,460	8,355,295	40,342,693
KQVO radio station license	670,000	670,000	670,000
Total capital assets, net of accumulated depreciation	<u>\$ 52,539,233</u>	<u>\$ 52,273,634</u>	<u>\$ 51,444,949</u>



In FY24 capital assets increased \$266,000 due primarily to construction costs of the building renovation and equipment project of \$670,000 and \$2,197,000 in associated equipment, \$71,000 in other asset acquisitions offset by depreciation of \$2,672,000.

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In FY23 capital assets increased \$829,000 due primarily to construction costs of the building renovation and expansion project of \$2,293,000 and \$603,000 in associated equipment, \$5,000 in GASB 87 right-of-use assets, \$286,000 in other assets acquisitions offset by depreciation of \$1,928,000 and asset disposals of \$430,000 relating to the remaining 1994 Campanile building renovation improvements.

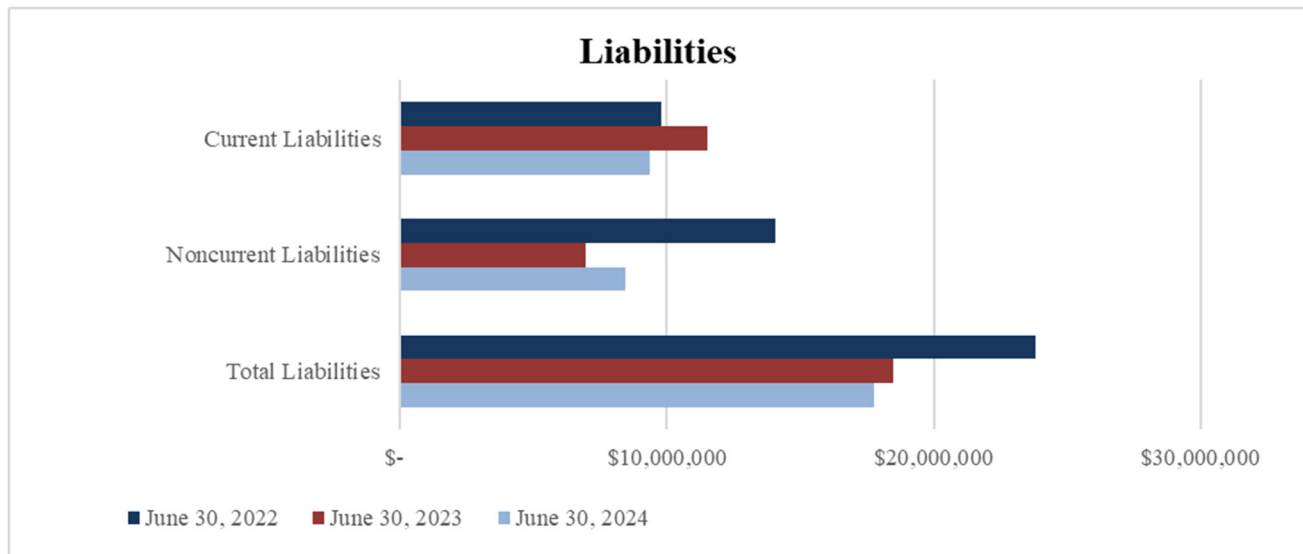
In FY24 other noncurrent assets decreased \$1,342,000 due primarily to a reduction in long term pledges of approximately \$2,305,000, offset by the increase in the net change in investments of \$963,000 including additions, withdrawals, realized and unrealized gains/losses and reinvestments.

In FY23 other noncurrent assets decreased \$933,000 due primarily to a reduction in long term pledges of approximately \$1,791,000, the increase in the fair value of investments of \$1,015,000, endowment gifts and reinvestments of \$594,000 offset by distributions and withdrawals of \$751,000 .

Liabilities

Total liabilities decreased \$708,000 in FY24 due to reductions in notes payable of \$2,409,000 mainly due to a payment to SDSURF on the Capital Campaign building loan, a decrease in accounts payable of \$1,147,000 and decreased lease obligations of \$316,000 partially offset by increases in unearned revenue \$2,844,000 due to prepayments for various grants and changes in other liabilities of \$320,000.

Total liabilities decreased \$5,356,000 in FY23 due to the reduction in accounts payable of \$2,238,000 primarily due to payments on the capital campaign building renovation and expansion project and associated equipment, the forgiveness by the SBA of the Payroll Protection Plan note of \$2,122,000, debt payments of \$824,000, and net decreases in other liabilities of \$172,000.



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Long-Term Debt Obligations

Debt outstanding at June 30, 2024, 2023 and 2022 is summarized below by type of debt instrument:

	June 30,		
	2024	2023	2022
Lease obligations	\$ 6,441,411	\$ 6,757,690	\$ 7,399,398
Notes payable	2,371,982	4,781,118	7,085,681
Total	8,813,393	11,538,808	14,485,079
Less current portion	(762,993)	(4,973,581)	(827,435)
Total long-term debt	<u>\$ 8,050,400</u>	<u>\$ 6,565,227</u>	<u>\$ 13,657,644</u>

Total debt decreased in FY24 by \$2,725,000 due to payments on SDSURF notes payable of \$2,409,000 and reductions in lease obligations of \$316,000.

Total debt decreased in FY23 by \$2,946,000 primarily due the forgiveness by the SBA of the Payroll Protection Plan note of \$2,122,000 and debt payments of \$824,000. The current portion of long-term debt increased in FY23 resulting primarily from the \$4,500,000 bridge funding term note through SDSURF having a maturity date of June 2024.

Deferred Inflows of Resources

Deferred inflows of resources decreased \$650,000 in FY24 due to reductions in deferred contributions.

Deferred inflows of resources decreased \$664,000 from FY 2022 to 2023 due primarily to in the reduction in deferred contributions and the amortization of the deferred gain on bond refunding.

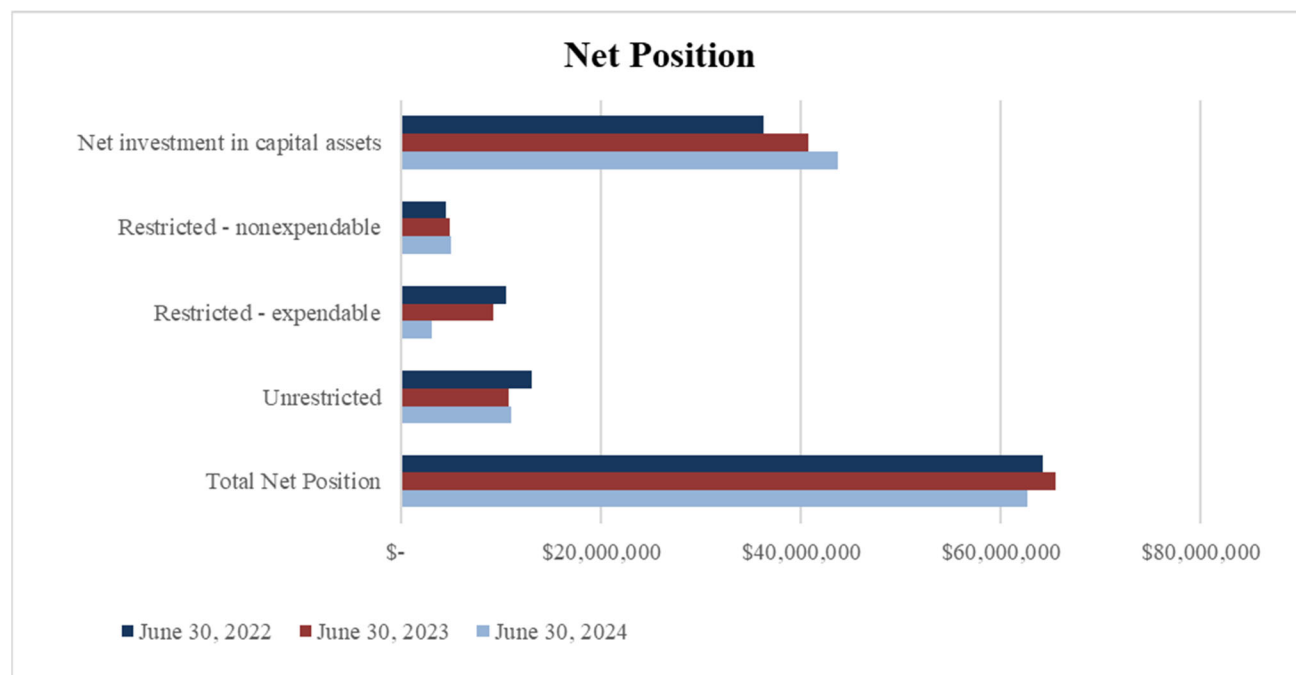
Net Position

Total net position decreased \$2,872,000 in FY24. KPBS typically achieves a balanced budget of revenues and transfers as compared to expenses, prior to depreciation. The net position decrease was anticipated and occurred primarily due to the FY24 growth in wage and benefits costs, increased building and equipment depreciation stemming from the recent building expansion and renovation project, and key investments made in strategic revenue initiatives including door-to-door canvassing, a mid-level donor cultivation program, and implementation of an advanced member relationship management system.

In comparison to FY24, operating revenue decreased \$2,269,000. This operating revenue decrease primarily resulted from net contribution, grants and stations generated support growth of \$2,080,000 as offset by the prior year one time forgiveness of a Payroll Protection Plan note of \$2,122,000 and reduced Capital Campaign contributions of \$2,227,000 since the campaign ended in 2023. Operating expenses increased approximately \$4,767,000 relating primarily to \$2,539,000 in increased wages and benefit costs, \$743,000 in additional depreciation expenses, \$626,000 in new revenue initiative costs, \$290,000 in building cost recovery and increases in other expense categories of \$569,000.

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Total net position increased \$1,345,000 in FY23 primarily due to contributions of \$1,563,000 (net of expenses) from the capital campaign, net endowments of \$255,000, a net increase of \$1,015,000 in the fair market value of investments, a loss on disposal of fixed assets of \$430,000 relating to the remaining 1994 Campanile building renovation improvements, nonoperating costs associated with the building renovation project of \$1,479,000 and other net income (net of San Diego State University transfers, depreciation and other net non-operating revenues in excess of expenses) of \$421,000.



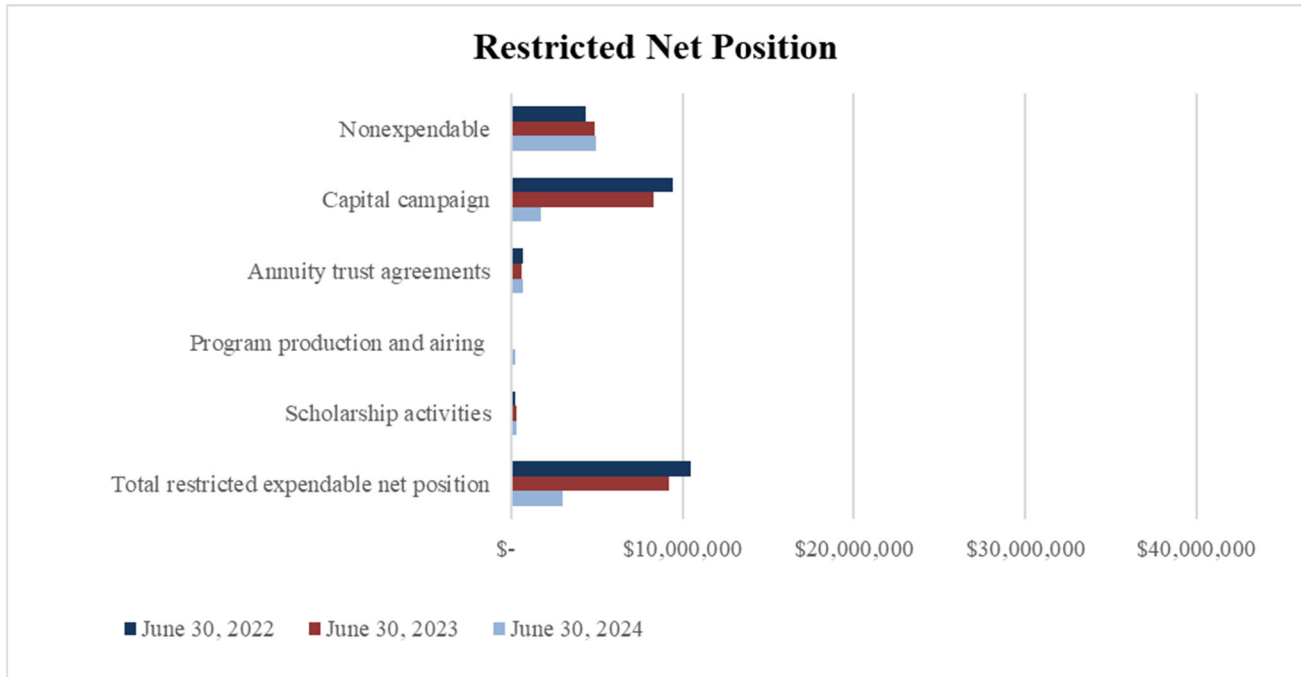
Restrictions on Net Position

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

	June 30,		
	2024	2023	2022
Nonexpendable	\$ 4,954,165	\$ 4,880,370	\$ 4,378,381
Expendable:			
Capital campaign	\$ 1,752,570	\$ 8,297,857	\$ 9,434,605
Annuity trust agreements	711,626	582,048	701,712
Program production and airing	251,577	73,959	102,757
Scholarship activities	326,416	289,620	264,556
Total restricted expendable net position	\$ 3,042,189	\$ 9,243,484	\$ 10,503,630

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



In FY24 the restricted expendable net position decreased primarily due to capital campaign expenditures on building renovation and expansion released to net investment in capital assets, as offset by a net increase in the fair market value of investments. The increase in nonexpendable net position mostly relates to a net increase in the fair market value of the underlying investments.

In FY23 the restricted expendable net position decreased primarily due to capital campaign expenditures on building renovation and expansion released to net investment in capital assets, offset by a net increase in the fair value of investments and capital campaign contributions. The increase in nonexpendable net position mostly relates to several donor gifts to our programming endowments.

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

Condensed Summary of Revenues, Expenses and Changes in Net Position

	Year Ended June 30,		
	2024	2023	2022
Operating revenues:			
Contributions	\$ 24,918,557	\$ 27,862,752	\$ 25,966,550
Corporation for Public Broadcasting grants	4,386,361	3,798,215	3,603,256
Reimbursement from the FCC related to station repack	-	-	43,390
Stations-generated support	353,007	266,369	319,953
Total operating revenues	29,657,925	31,927,336	29,933,149
Operating expenses:			
Program services	25,902,005	22,685,846	20,620,679
Support services	16,505,588	14,954,177	14,057,839
Total operating expenses	42,407,593	37,640,023	34,678,518
Operating (loss)/income	(12,749,668)	(5,712,687)	(4,745,369)
Nonoperating (expenses) revenues:			
Interest expense	(226,473)	(242,906)	(259,337)
Interest income, net	386,570	203,823	200,210
Net increase (decrease) in fair value of investments	1,376,370	1,015,132	(1,416,338)
Other nonoperating expenses	(48,741)	(1,478,853)	(899,308)
Loss on disposal of fixed assets	-	(429,520)	(8,638)
Total nonoperating (expenses) revenue, net	1,487,726	(932,324)	(2,383,411)
(Loss) income before transfers	(11,261,942)	(6,645,011)	(7,128,780)
San Diego State University transfers	8,389,740	7,989,578	7,457,787
Change in net position	(2,872,202)	1,344,567	329,007
Net position, beginning of year	65,542,211	64,197,644	63,868,637
Net position, end of year	\$ 62,670,009	\$ 65,542,211	\$ 64,197,644

Operating Revenues and Expenses

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

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Operating Revenues

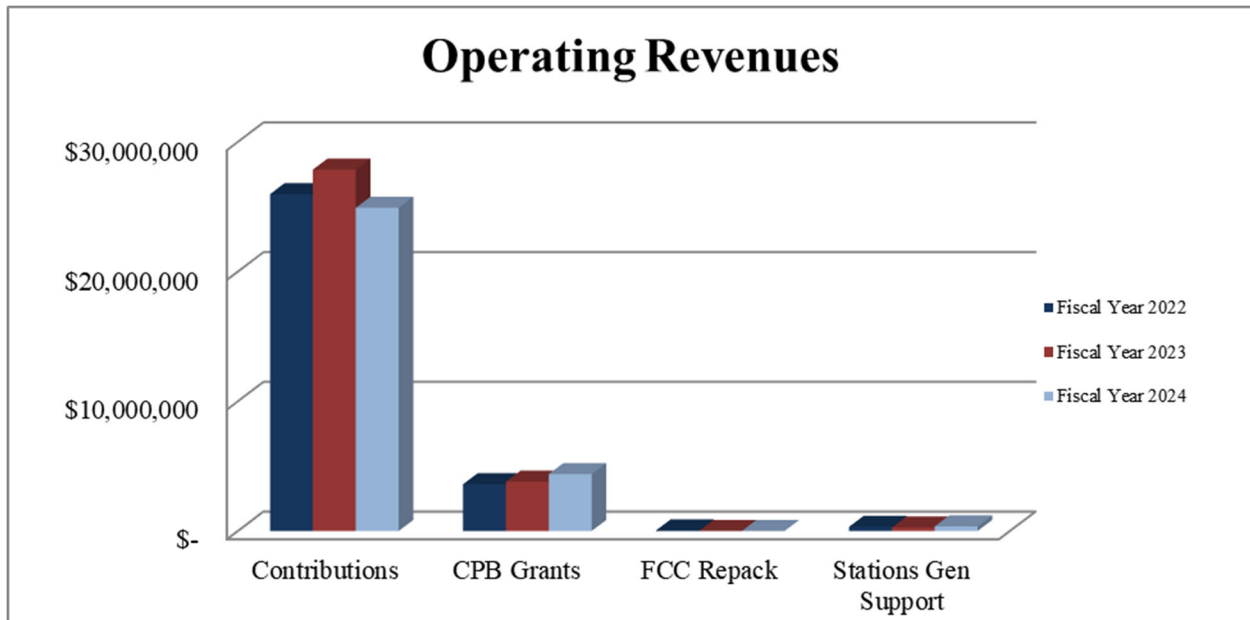
Contributions decreased \$2,944,000 in FY24. This decrease primarily resulted from contribution growth of \$1,405,000 as offset by the prior year one time forgiveness by the SBA of a Payroll Protection Plan note of \$2,122,000 and reduced Capital Campaign contributions of \$2,227,000 since the campaign ended in 2023. Changes in revenue categories include increases in major and planned giving of \$1,082,000, grants of \$402,000, vehicle donation program of \$249,000, other categories of \$150,000 offset by decreases in endowment gifts of \$478,000

Contributions increased \$1,896,000 in FY23 resulting from the forgiveness by the SBA of the Payroll Protection Plan note of \$2,122,000 and year-over-year increases in capital campaign contributions of \$1,151,000, and other revenue categories of \$82,000 partially offset by decreases in major gifts of \$513,000, underwriting of \$397,000, endowment gifts of \$285,000 and vehicle donation program of \$264,000.

Grants received/utilized from the CPB increased \$588,000 and \$195,000 in FY24 and FY23, respectively. The FY24 increase is mainly due to the utilization of \$600,000 in American Rescue Plan Act grants received in FY22. CPB annual grants are determined based on non-federal financial support (NFFS) and an incentive rate of return measured two fiscal years prior to the current period. For example, FY24 CPB grants are based on the FY23 NFFS and incentive rate of return. The incentive rate of return, which fluctuates from year to year, is a function of total FM or TV system NFFS and the respective CPB appropriation.

Stations-generated support was \$353,000 and \$266,000 FY24 and FY23, respectively, which is primarily digital and web based sponsorships.

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

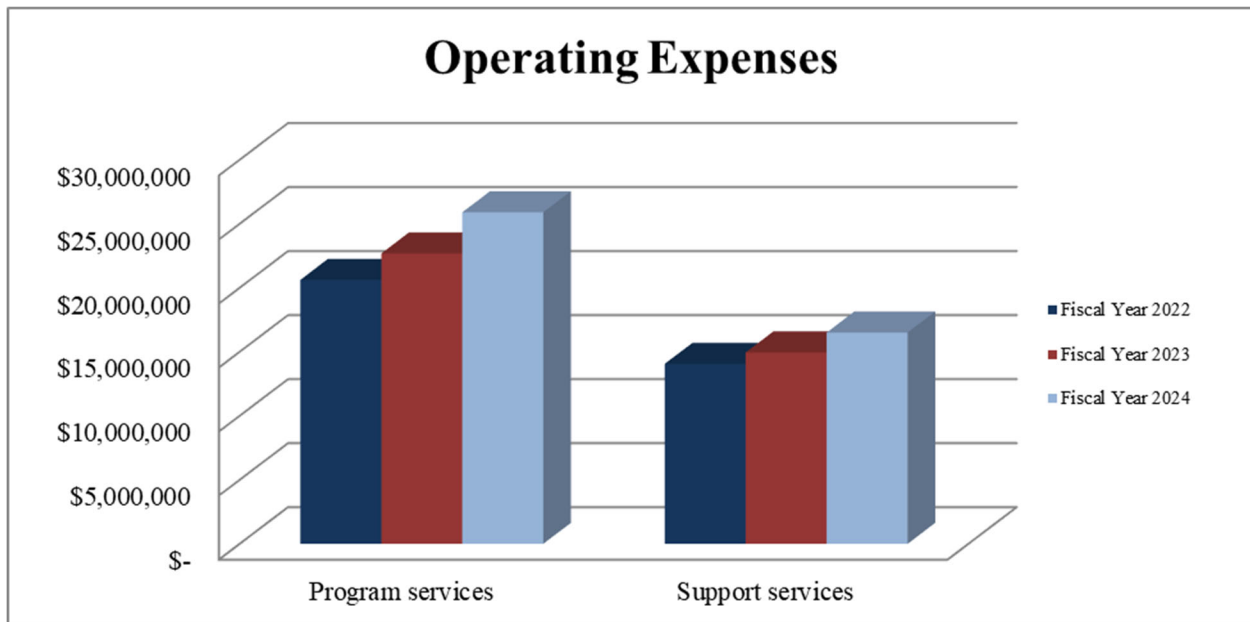


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Operating Expenses

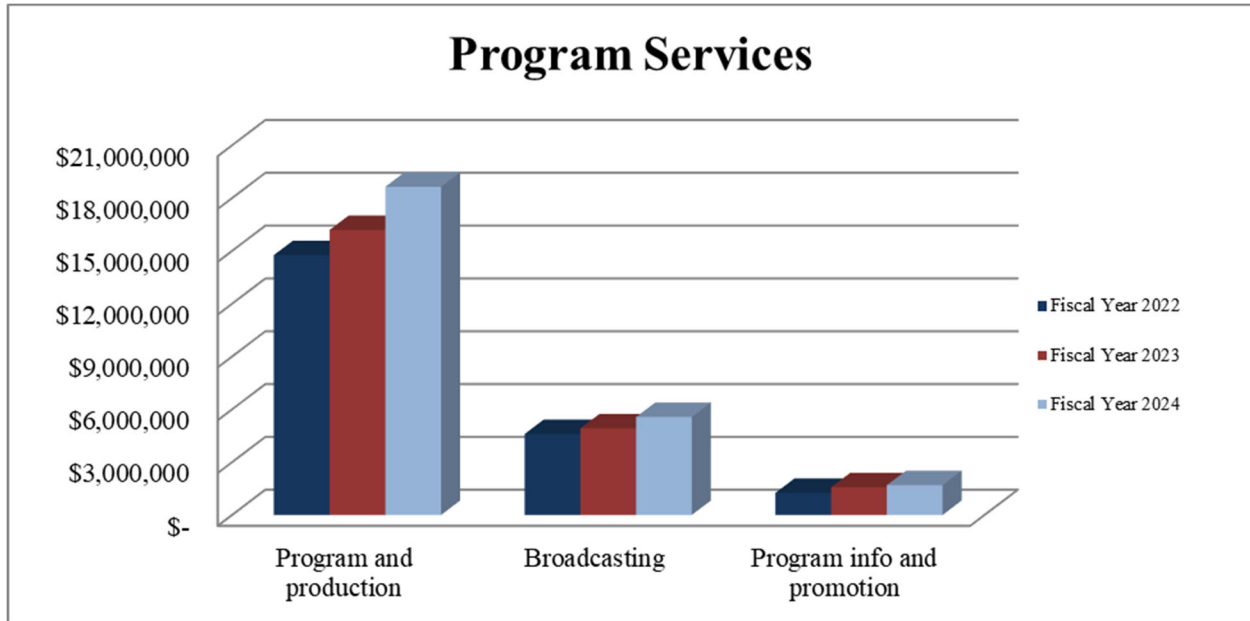
Program services expenses increased \$3,216,000 in FY24. This is due mainly to wage and benefit increases as well as increases in initiatives relative to content, communications, PBS dues, grants, engineering, direct and indirect cost allocations and the new building construction depreciation cost allocation. Program services expenses increased \$2,065,000 in FY23 due mainly to wage and benefit increases and increases in initiatives relative to content, communications, PBS dues, grants, engineering and cost allocations.

Support services expenses increased \$1,551,000 in FY24. This is due mainly to wage and benefit increases as well as growth in expenses relating to fundraising \$1,413,000 due mainly to new revenue initiatives and CRM software and management and general expenses of \$370,000 partially offset by a reduction in underwriting of \$233,000, inclusive of increased direct and indirect support allocations. Support services expenses increased \$896,000 in FY23 primarily due to wage and benefit increases and growth in expenses relating to fundraising \$534,000.

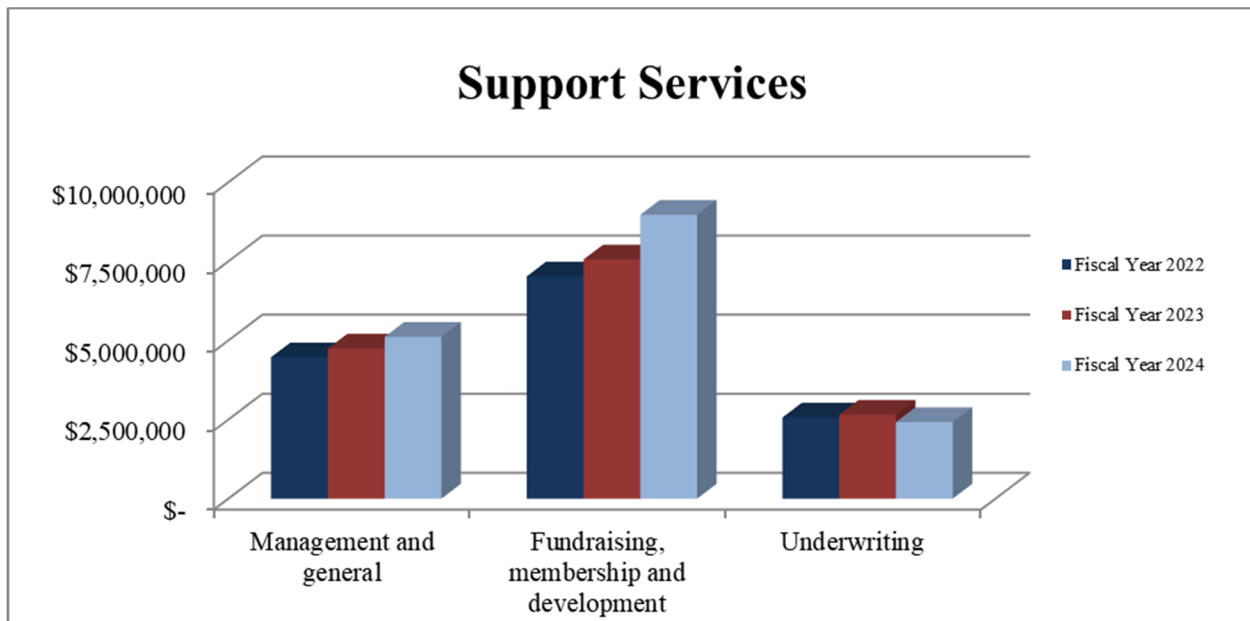


KPBS FM/TV
(A Department of San Diego State University)
Management's Discussion and Analysis
UNAUDITED
As of June 30, 2024 and 2023

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



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



Nonoperating Revenues and Expenses

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

KPBS FM/TV
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Management's Discussion and Analysis
UNAUDITED
As of June 30, 2024 and 2023

Nonoperating revenues exceeded expenses in FY24 by \$1,488,000 due to increase in the fair value of investments of \$1,376,000, interest income net of expense of \$160,000 and non-capitalized building construction costs of \$49,000.

Nonoperating expenses exceeded revenue in FY23 by \$932,000. This was due to non-capitalized building construction costs of \$1,479,000, a loss on disposal of assets of \$430,000 relating to the remaining 1994 Campanile building renovation improvements, interest expense in excess of income of \$38,000 offset by an increase in the fair value of investments of 1,015,000.

San Diego State University Transfers

Direct financial support received from the University increased \$16,000 and \$115,000 in in FY24 and FY23, respectively. Direct support consists primarily of salaries, space rental and utilities that are provided at cost and have been allocated to the Stations as shown in the Supplementary Schedule of Direct and Indirect Support (page 37) of this report. The cost of the services is reported as transfers and operating expense in the accompanying financial statements.

Indirect support received from the University increased \$385,000 and \$417,000 in FY24 and FY23, respectively. Indirect support relates to a calculated allocation of SDSU campus and California State University chancellor's office overhead and physical plant costs, in accordance with Corporation for Public Broadcasting guidance, that benefit the programs of the Stations.

KPBS FM/TV
(A Department of San Diego State University)
Statements of Net Position
For June 30, 2024 and 2023

Assets	2024	2023
Current assets:		
Cash and cash equivalents held by San Diego State University (note 2)	\$ 303,861	\$ 966,821
Due from San Diego State University Research Foundation (note 2)	6,157,719	8,354,798
Accounts receivable (notes 2 and 4)	5,035,014	5,188,230
Grants receivable	17,354	56,590
Prepaid expenses	179,534	281,178
Total current assets	<u>11,693,482</u>	<u>14,847,617</u>
Noncurrent assets:		
Accounts receivable (notes 2 and 4)	500,833	2,806,000
Long-term investments (note 3)	10,980,022	10,465,963
Restricted investments (note 3)	6,765,184	6,315,867
Capital assets, net (notes 5 and 7)	52,539,233	52,273,634
Total noncurrent assets	<u>70,785,272</u>	<u>71,861,464</u>
Total assets	<u><u>82,478,754</u></u>	<u><u>86,709,081</u></u>
Deferred outflows of resources	<u>-</u>	<u>-</u>
Liabilities		
Current liabilities:		
Accounts payable	2,037,288	2,416,979
Accrued expenses	2,035,252	1,715,388
Unearned revenue (note 2)	4,504,955	2,428,388
Notes payable, current portion (note 6)	429,924	4,659,136
Lease obligations, current portion (note 7)	333,069	314,445
Total current liabilities	<u>9,340,488</u>	<u>11,534,336</u>
Noncurrent liabilities:		
Notes payable, net of current portion (note 6)	1,942,058	121,982
Lease obligations, net of current portion (note 7)	6,108,342	6,443,245
Amounts held for others (note 2)	383,505	382,699
Total noncurrent liabilities	<u>8,433,905</u>	<u>6,947,926</u>
Total liabilities	<u><u>17,774,393</u></u>	<u><u>18,482,262</u></u>
Commitments and contingencies (notes 5, 7, 8 and 10)		
Deferred inflows of resources (notes 2 and 9)	<u>2,034,352</u>	<u>2,684,608</u>
Net Position		
Net investment in capital assets	43,725,840	40,734,826
Restricted for:		
Nonexpendable - endowments	4,954,165	4,880,370
Expendable:		
Capital campaign	1,752,570	8,297,857
Annuity trust agreements	711,626	582,048
Program production and airing	251,577	73,959
Scholarship activities	326,416	289,620
Unrestricted	10,947,815	10,683,531
Total net position	<u><u>\$ 62,670,009</u></u>	<u><u>\$ 65,542,211</u></u>
See accompanying notes to these financial statements.		

KPBS FM/TV
(A Department of San Diego State University)
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating revenues:		
Contributions	\$ 24,918,557	\$ 27,862,752
Corporation for Public Broadcasting grants (note 2)	4,386,361	3,798,215
Stations-generated support	353,007	266,369
Total operating revenues	<u>29,657,925</u>	<u>31,927,336</u>
Operating expenses (notes 5, 6, 7, 8 and 9):		
Program services:		
Programming and production	18,641,749	16,189,962
Broadcasting	5,564,672	4,920,532
Program information and promotion	1,695,584	1,575,352
Total program services	<u>25,902,005</u>	<u>22,685,846</u>
Support services:		
Management and general	5,114,533	4,744,062
Fundraising, membership and development	8,972,734	7,559,004
Underwriting	2,418,321	2,651,111
Total support services	<u>16,505,588</u>	<u>14,954,177</u>
Total operating expenses	<u>42,407,593</u>	<u>37,640,023</u>
Operating (Loss)	<u>(12,749,668)</u>	<u>(5,712,687)</u>
Nonoperating (expenses) revenues:		
Interest expense (notes 6, 7 and 9)	(226,473)	(242,906)
Interest income, net	386,570	203,823
Net increase in fair value of investments	1,376,370	1,015,132
Other nonoperating expenses	(48,741)	(1,478,853)
Loss on disposal of fixed assets	-	(429,520)
Total nonoperating revenues (expenses) , net	<u>1,487,726</u>	<u>(932,324)</u>
(Loss) before transfers	<u>(11,261,942)</u>	<u>(6,645,011)</u>
San Diego State University transfers (note 2):		
Direct financial support	2,161,194	2,145,550
Indirect financial support	6,228,546	5,844,028
Total San Diego State University transfers	<u>8,389,740</u>	<u>7,989,578</u>
Change in net position	(2,872,202)	1,344,567
Net position, beginning of year	<u>65,542,211</u>	<u>64,197,644</u>
Net position, end of year	<u>\$ 62,670,009</u>	<u>\$ 65,542,211</u>

See accompanying notes to these financial statements

KPBS FM/TV
(A Department of San Diego State University)
Statements of Cash Flows
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Contributions	\$ 26,911,865	\$ 23,582,089
Stations-generated support	353,007	266,369
Payments to suppliers	(16,574,151)	(14,984,990)
Payments to employees	(15,290,532)	(13,788,435)
Administrative fees paid to San Diego State University Research Foundation	(937,676)	(888,792)
Corporation for Public Broadcasting grants	4,386,361	3,798,215
Net cash (used in) operating activities	<u>(1,151,126)</u>	<u>(2,015,544)</u>
Cash flows from noncapital and related financing activities:		
Transfers from San Diego State University	2,161,194	2,145,550
Increase (decrease) in amounts due from San Diego State University Research Foundation	2,230,788	(955,748)
Net cash provided by noncapital and related financing activities	<u>4,391,982</u>	<u>1,189,802</u>
Cash flows from capital and related financing activities:		
Payments on long-term debt	(2,725,415)	(827,436)
Additions to long-term debt	-	3,442
Interest Paid	(226,473)	(201,005)
Purchase of capital assets	(3,204,323)	(5,372,642)
Proceeds from capital campaign	1,931,428	5,242,545
Capital campaign purchases	(497,791)	(606,081)
Net cash (used in) capital and related financing activities	<u>(4,722,574)</u>	<u>(1,761,177)</u>
Cash flows from investing activities:		
Interest Income, net	386,570	203,823
Net distribution of investments	432,188	157,368
Net cash provided by investing activities	<u>818,758</u>	<u>361,191</u>
Net (decrease) in cash	<u>(662,960)</u>	<u>(2,225,728)</u>
Cash and cash equivalents held by San Diego State University		
Beginning of year	966,821	3,192,549
End of year	<u>\$ 303,861</u>	<u>\$ 966,821</u>

See accompanying notes to these financial statements

KPBS FM/TV
(A Department of San Diego State University)
Statements of Cash Flows
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Reconciliation of operating (loss) to net cash		
(used in) operating activities:		
Operating (loss)	\$ (12,749,668)	\$ (5,712,687)
Adjustments to reconcile (loss) to net cash provided by (used in) operating activities:		
Allocated San Diego State University expenses	6,228,546	5,844,028
Depreciation and amortization	2,672,051	1,928,885
Capital campaign	464,071	(969,283)
Change in assets, liabilities, deferred outflows and inflows of resources:		
Accounts receivable	560,675	(7,314)
Grants receivable	39,236	(46,097)
Accounts payable	(113,018)	(52,205)
Accrued expenses	319,864	(348,983)
Forgiveness of Payroll Protection Plan loan	-	(2,122,277)
Amounts held for others	806	(15,367)
Unearned revenue	1,426,311	(514,244)
Net cash (used in) operating activities \$	<u>(1,151,126)</u>	<u>(2,015,544)</u>
Supplemental disclosure of noncash investing and capital activity:		
Increase (decrease) in fair value of investments	\$ 1,376,370	\$ 1,015,132
Forgiveness of Payroll Protection Plan loan	-	2,122,277
Loss on Disposal of Property and Equipment	-	(429,520)
Obtaining a right-to-use assets in exchange for a lease liability	-	(3,442)

See accompanying notes to these financial statements

KPBS FM/TV
(A Department of San Diego State University)
Notes to Financial Statements
June 30, 2024 and 2023

NOTE 1 – DESCRIPTION OF ORGANIZATION

KPBS FM/TV (KPBS or the Stations) is engaged in the production, broadcast and distribution of content via public television, radio, the internet and social media. KPBS FM and TV are licensed to the Board of Trustees of the California State University (CSU) for San Diego State University (SDSU or the University). KQVO FM is licensed to the State of California on behalf of the University. San Diego State University Research Foundation (SDSURF), a not-for-profit California corporation, is an auxiliary organization of the CSU, which under a service agreement provides financial accounting and administrative support to the Stations and includes all of the Stations' accounts, except for certain capital assets, university cash, notes payable and related interest and expenses related to certain state employees in its financial statements. KPBS is a department of San Diego State University. Administrative fees paid by KPBS to SDSURF were \$937,676 and \$888,792, respectively, for the fiscal years ended June 30, 2024 and 2023. The accompanying financial statements include only the activities and balances associated with KPBS and are not intended to present the financial position, changes in financial position or cash flows of KPBS or the University.

Affiliated Organizations

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Accounting

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

Classification of Current and Noncurrent Assets and Liabilities

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

Cash and Cash Equivalents

Cash includes funds held by the University. The Stations consider all highly liquid investments with original maturity dates of three months or less to be cash equivalents. As of June 30, 2024 and June 30, 2023, there was cash held by the University of approximately \$304,000 and \$967,000, respectively.

KPBS FM/TV
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Notes to Financial Statements
June 30, 2024 and 2023

Due from SDSU Research Foundation

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

Investments

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

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

Accounts and Pledges Receivable

Accounts receivable consist of underwriter and other receivables and are recorded at the actual amounts expected to be collected and include both billed and unbilled amounts.

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

Capital Assets and Intangible Assets

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

Leased assets and subscription-based IT arrangements in excess of \$10,000 which qualify under GASB 87 and GASB 96 have been capitalized as a Right of Use Asset.

Depreciation is computed using the straight-line method over the useful life of the asset or length of the associated lease. For buildings, the useful life is generally 30 years. For furniture, fixtures, studio/broadcast equipment and transmission/antenna/tower equipment, the useful life is generally 3 to 15 years. Improvements to leased property and subscription-based IT arrangements are amortized over the term of the lease/agreement or the life of the improvement.

Buildings represent the portion of the Gateway Center, the Conrad Prebys Media Complex which houses the main operating offices for radio, TV and studios for the Stations.

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

Compensated Absences

The Stations accrue vacation benefits for eligible employees at various rates depending upon length of service. Eligible full-time employees accrue sick leave at the rate of four hours per pay period. Employees are typically not paid for unused sick leave at the end of employment. However, for certain employees, a portion of accumulated sick leave is paid upon retirement. Liabilities for compensated absences of approximately \$1,437,000 and \$1,131,000 as of June 30, 2024 and 2023, respectively, are included in accrued expenses.

KPBS FM/TV
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Notes to Financial Statements
June 30, 2024 and 2023

Contributions and Revenue Recognition

Revenue from contributions is recognized in the fiscal year in which all eligibility requirements have been satisfied. Contributions received prior to satisfaction of eligibility requirements are reflected as Unearned revenue. The Stations received approximately 84% and 86% of their operating revenue from contributions in each of the years ended June 30, 2024 and 2023, respectively.

Underwriting revenue is recognized as contributions at the time of the pledge, when the underwriting agreement is signed.

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

University Support

Direct financial support received from the University for the years ended June 30, 2024 and 2023 was approximately \$2,161,000 and \$2,146,000, respectively, and consisted primarily of salaries for management, space rental and utilities.

Indirect support received from the University for the years ended June 30, 2024 and 2023 was approximately \$6,229,000 and \$5,844,000, respectively. A portion of the University's general overhead costs relates to and benefits the Stations. Such costs are allocated primarily based on the proportion of KPBS' expenses to certain costs of the University, which are then applied to certain administration, maintenance and repair costs of the University. These university services, provided without cost, have been allocated to the Stations and are reported as transfers and operating expense in the accompanying financial statements.

Corporation for Public Broadcasting Grants

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

According to the Communications Act, funds may be used at the discretion of recipients for purposes related primarily to the production or acquisition of programming. In addition, the grant may be used to sustain activities that began with the CSGs awarded in prior years. The grants are reported in the financial statements as operating revenue. Certain guidelines set by the CPB must be satisfied in connection with the application for and use of the grants to maintain eligibility and compliance requirements. These guidelines pertain to the use of grant funds, record keeping, audits, financing reporting and licensee status with the Federal Communications Commission. Revenue on these grants is recognized as the funds are expended, and management's policy is to expend the money under the terms on the specific grant, normally within one year of receipt. The Stations recorded approximately \$4,386,000 and \$3,798,000 in grant revenue from the CPB in the years ended June 30, 2024 and 2023, respectively.

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Notes to Financial Statements
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Deferred Outflows and Inflows of Resources

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

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

Net Position

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

Net investment in capital assets

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

Restricted non-expendable

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

Restricted expendable

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

Unrestricted

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

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

Income Taxes

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

The San Diego State University is a campus of the California State University system, which is an agency of the State of California and is treated as a governmental entity for tax purposes, and is generally not subject to federal or state income taxes.

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

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However, both the University and KPBS are subject to tax on trade or business income earned from an activity that is not in furtherance of their tax-exempt purposes. The Stations are engaged in activities that produce unrelated business income, such as the sales or license of certain products and services and web advertising. The Stations had no tax liability for the year ended June 30, 2023 and expects no liability for the year ended June 30, 2024 as the filing has not been completed as of the date of this report.

Use of Estimates

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

Pronouncements Issued

For the year ended June 30, 2024, KPBS implemented GASB Statement 100 (GASB 100), Accounting Changes and Error Corrections, which provides the accounting and financial reporting for 1) each type of accounting change and 2) error corrections. This Statement requires that a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and c) changes in accounting estimates to be reported prospectively by recognizing the change in the current period. KPBS implemented GASB 100 and found that it had no material impact on the KPBS' financial statements.

For the year ended June 30, 2023, KPBS implemented GASB Statement 94 (GASB 94), Public-Private and Public-Public Partnerships ("PPPs") and Availability Payment Arrangements ("APAs") effective with fiscal year 2023, which increases the usefulness of governments' financial statements by requiring recognition of the receivable of an asset and recognition of deferred inflows of the underlying asset. KPBS implemented GASB 94 and found that it had no material impact on the KPBS' financial statements.

For the year ended June 30, 2023, KPBS implemented GASB Statement 96 (GASB 96), Subscription-Based Information Technology Arrangements (SBITA), which increases the usefulness of governments' financial statements by requiring recognition of certain right-to-use assets and liabilities for SBITAs that previously were classified as operating expenses and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. KPBS implemented GASB 96 and found that it had no material impact on the KPBS' financial statements.

For the year ended June 30, 2023, KPBS implemented GASB Statement 91 (GASB 91), Conduit Debt Obligations, which provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in.

The GASB has issued the following statements:

- GASB Statement No. 101, Compensated Absences (effective for the year ending June 30, 2025)
- GASB Statement No. 102, Certain Risk Disclosures (effective for the year ending June 30, 2025)
- GASB Statement No. 103, Financial Reporting Model Improvements (effective for the year ending June 30, 2025)

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

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Notes to Financial Statements
June 30, 2024 and 2023

NOTE 3 – INVESTMENTS

Investment Policy

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

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

Investments as of June 30 were as follows:

	<u>2024</u>	<u>2023</u>
Long-term investments	\$ 10,980,022	\$ 10,465,963
Restricted assets, investments	6,765,184	6,315,867
	<u>\$ 17,745,206</u>	<u>\$ 16,781,830</u>

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

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

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

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

The following tables summarize KPBS' investments within the fair value hierarchy at June 30, 2024 and 2023, respectively:

<u>June 30, 2024</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Deferred Gift	\$ 1,811,993	\$ 1,811,993	\$ -	\$ -
TCF Endowment Pool	15,795,116	-	-	15,795,116
Amounts Held by Others	138,097	-	-	138,097
	<u>\$ 17,745,206</u>	<u>\$ 1,811,993</u>	<u>\$ -</u>	<u>\$ 15,933,213</u>
<u>June 30, 2023</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Deferred Gift	\$ 1,613,046	\$ 1,613,046	\$ -	\$ -
TCF Endowment Pool	15,037,800	-	-	15,037,800
Amounts Held by Others	130,984	-	-	130,984
	<u>\$ 16,781,830</u>	<u>\$ 1,613,046</u>	<u>\$ -</u>	<u>\$ 15,168,784</u>

KPBS FM/TV
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Notes to Financial Statements
June 30, 2024 and 2023

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

Level 1 Measurements

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

Level 3 Measurements

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

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

The Campanile Foundation Endowment Pool

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

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

	<u>2024</u>	<u>2023</u>	<u>IPS Target</u>
Growth Assets	60.4%	58.7%	60.0%
Credit	8.0%	6.6%	8.0%
Inflation Hedges	12.6%	11.8%	13.0%
Risk Mitigation	19.0%	22.9%	19.0%
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

KPBS recognized net realized and unrealized gains of approximately \$1,376,370 and \$1,015,000 for the years ended June 30, 2024 and 2023, respectively, from its investments.

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

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

Endowment distributions are provided in accordance with the investment policy statement. For the fiscal years ended June 30, 2024 and 2023, the distribution rate was 4% of the endowment principal market value using a three-year moving average.

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Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk

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

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

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, consisted of the following:

2024			
	Current	Noncurrent	Total
Underwriter receivables	\$ 2,402,094	\$ 44,851	\$ 2,446,945
Pledge Receivables	2,610,960	283,793	2,894,753
Other receivables	131,960	172,189	304,149
Allowance for doubtful accounts	(110,000)	-	(110,000)
	<u>\$ 5,035,014</u>	<u>\$ 500,833</u>	<u>\$ 5,535,847</u>
2023			
	Current	Noncurrent	Total
Underwriter receivables	\$ 2,300,617	\$ -	\$ 2,300,617
Pledge Receivables	2,916,835	2,584,214	5,501,049
Other receivables	100,778	221,786	322,564
Allowance for doubtful accounts	(130,000)	-	(130,000)
	<u>\$ 5,188,230</u>	<u>\$ 2,806,000</u>	<u>\$ 7,994,230</u>

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

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NOTE 5 – CAPITAL ASSETS

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

	Balance June 30, 2023	Additions	Retirements/ Transfers	Balance June 30, 2024
Nondepreciable capital assets:				
Construction in progress ^(a)	\$ 8,355,295	2,197,168	\$ (8,675,003)	\$ 1,877,460
KQVO radio station license	670,000	-	-	670,000
Total nondepreciable capital assets	9,025,295	2,197,168	(8,675,003)	2,547,460
Depreciable capital assets:				
Building under lease ^(b)	746,072	-	-	746,072
Building ^(c)	34,883,168	669,625	2,047,230	37,600,023
Studio/broadcast equipment	12,042,012	70,857	6,627,773	18,740,642
Computers, software and furniture	4,006,546	-	-	4,006,546
Transmission/antenna/tower	4,614,519	-	-	4,614,519
Right of use asset ^(d)	7,468,512	-	-	7,468,512
Total depreciable capital assets	63,760,829	740,482	8,675,003	73,176,314
Less accumulated depreciation:				
Building under lease	576,201	36,643	-	612,844
Building ^(c)	210,913	1,357,333	-	1,568,246
Studio/broadcast equipment	11,330,168	438,156	-	11,768,324
Computers, software and furniture	3,687,601	147,078	-	3,834,679
Transmission/antenna/tower	3,589,550	199,014	-	3,788,564
Right of use asset	1,118,057	493,827	-	1,611,884
Total accumulated depreciation	20,512,490	2,672,051	-	23,184,541
Total net depreciable assets	43,248,339	(1,931,569)	8,675,003	49,991,773
Net capital assets	\$ 52,273,634	265,599	\$ -	\$ 52,539,233

	Balance June 30, 2022	Additions	Retirements/ Transfers	Balance June 30, 2023
Nondepreciable capital assets:				
Construction in progress (a)	\$ 40,342,693	2,650,715	\$ (34,638,113)	\$ 8,355,295
KQVO radio station license	670,000	-	-	670,000
Total nondepreciable capital assets	41,012,693	2,650,715	(34,638,113)	9,025,295
Depreciable capital assets:				
Building under lease (b)	13,525,451	-	(12,779,379)	746,072
Building (c)	-	34,883,168	-	34,883,168
Studio/broadcast equipment	11,934,507	285,864	(178,359)	12,042,012
Computers, software and furniture	4,044,420	-	(37,874)	4,006,546
Transmission/antenna/tower	4,614,519	-	-	4,614,519
Right of use asset (d)	7,463,056	5,456	-	7,468,512
Total depreciable capital assets	41,581,953	35,174,488	(12,995,612)	63,760,829
Less accumulated depreciation:				
Building under lease	12,349,806	576,253	(12,349,858)	576,201
Building (c)	-	210,913	-	210,913
Studio/broadcast equipment	11,295,610	212,918	(178,360)	11,330,168
Computers, software and furniture	3,564,559	160,916	(37,874)	3,687,601
Transmission/antenna/tower	3,385,837	203,713	-	3,589,550
Right of use asset	553,885	564,172	-	1,118,057
Total accumulated depreciation	31,149,697	1,928,885	(12,566,092)	20,512,490
Total net depreciable assets	10,432,256	33,245,603	(429,520)	43,248,339
Net capital assets	\$ 51,444,949	35,896,318	\$ (35,067,633)	\$ 52,273,634

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(a) Construction in progress at June 30, 2024 and 2023 is not in service equipment related costs on the Conrad Prebys Media Complex renovation project related to the KPBS Capital Campaign.

(b) The building under lease represents the remaining improvements/equipment from the previous remodel of the Stations-occupied portion of the Gateway Center, the Conrad Prebys Media Complex, which houses the main operating offices for radio, TV and studios.

(c) Building is the capitalized portion of the Conrad Prebys Media Complex that was donor funded through the KPBS Capital Campaign. Additional costs of finalizing the construction and equipment.

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

Depreciation and amortization expense totaled approximately \$2,672,000 and \$1,929,000 for the years ended June 30, 2024 and 2023, respectively, and was allocated among expenses in the accompanying statements of revenues, expenses and changes in net assets, as follows:

	2024	2023
Program Services	\$ 2,174,063	\$ 894,878
Support Services	497,988	1,034,007
Total depreciation	<u>\$ 2,672,051</u>	<u>\$ 1,928,885</u>

NOTE 6 – NOTES PAYABLE

Notes payable for the years ended June 30, 2024 and 2023 was:

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Current Portion
Notes payable	\$ <u>4,781,118</u>	\$ <u>-</u>	\$ <u>(2,409,136)</u>	\$ <u>2,371,982</u>	\$ <u>429,924</u>

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Current Portion
Notes payable	\$ <u>7,085,681</u>	\$ <u>-</u>	\$ <u>(2,304,563)</u>	\$ <u>4,781,118</u>	\$ <u>4,659,136</u>

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

Years Ending June 30:	Principal	Interest	Total
2025	\$ 121,982	\$ 504	\$ 122,486

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June 30, 2024 and 2023

In January 2022, KPBS entered into a 2% fixed rate loan agreement with SDSURF totaling \$4,500,000. Quarterly interest only payments of approximately \$22,500 are required beginning April 2022 with the entire principal balance due June 2024. In April 2024, KPBS entered into a new loan agreement in which KBPS paid \$2,250,000 of the previous loan balance with the remaining balance of \$2,250,000 being refinanced over a 5 year term beginning June 30, 2024. Quarterly principal and interest payments of \$125,471 are required beginning October 1, 2024 through July 1, 2029. The loan bears interest at a fixed rate of 4.25% per annum. Aggregate annual payments under this financing agreement are as follows:

<u>Years Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 307,942	\$ 68,470	\$ 376,412
2026	426,075	75,807	501,882
2027	444,474	57,408	501,882
2028	463,668	38,215	501,883
2029	483,690	18,192	501,882
2030	124,151	1,319	125,470
Total	<u>\$ 2,250,000</u>	<u>\$ 259,411</u>	<u>\$ 2,509,411</u>

NOTE 7 – LEASE OBLIGATIONS

Lessee Leases

The lease liability balance as of June 30, 2024 totals approximately \$6,441,000 mainly relating to building, and transmitter space under non-cancellable leases, which expire on various dates through January 2099. The current monthly rental payments range from approximately \$270 to \$22,000 and several of the agreements allow for annual increases in the base lease.

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

<u>Years Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 333,069	140,544	\$ 473,613
2026	353,836	133,399	487,235
2027	381,850	125,692	507,542
2028	411,386	117,357	528,743
2029	442,519	108,358	550,877
2030-2032	2,226,218	389,862	2,616,080
Thereafter	2,292,533	146,148	2,438,681
Total	<u>\$ 6,441,411</u>	<u>\$ 1,161,360</u>	<u>\$ 7,602,771</u>

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Notes to Financial Statements
June 30, 2024 and 2023

NOTE 8 – PENSION AND POSTRETIREMENT BENEFITS

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

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

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

Amounts charged to KPBS for its annual required contribution from the University totaled \$412,371 and \$439,791 for the years ended June 30, 2024 and 2023, respectively, and are recorded as direct support and program services or support services expense, depending upon the employee’s function. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, California 95811.

NOTE 9 – DEFERRED INFLOWS OF RESOURCES

As of June 30, 2024 and 2023, KPBS reported deferred inflows of resources in connection with the contributions and lessor leases, as presented in the table below:

	2024	2023
Contributions	\$ 2,033,211	\$ 2,680,040
Lessee Leases	1,141	4,568
	<u>\$ 2,034,352</u>	<u>\$ 2,684,608</u>

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Notes to Financial Statements
June 30, 2024 and 2023

NOTE 10 – CONTINGENCIES

Effective July 1, 2023, KPBS entered into a 30 year agreement with the University, which among other things, requires annual cost recovery payments approximating \$290,000 increasing up to 5% annually. The agreement includes a provision that “with 36 months advance notice, the University may relocate the KPBS office, Studio and broadcast facilities to a mutually beneficial alternative location, subject to first obtaining written permission and consent from capital campaign donors under agreements in effect at the time of the proposed relocation”.

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

NOTE 11 – RISK MANAGEMENT

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

Insurance through the University is included in the University indirect support and allocated to program and support services on the statements of revenues, expenses and changes in net assets. Premiums allocated to KPBS on these insurance policies totaled \$79,161 and \$174,391 for the years ended June 30, 2024 and 2023, respectively.

NOTE 12 – SUBSEQUENT EVENTS

On September 5, 2024 KPBS entered into a short term loan with SDSURF for \$1,600,000 to facilitate the Station’s reimbursement to SDSU for a \$1,400,000 contractor payment related to the building renovation and a \$200,000 broadcast equipment invoice. This short term loan results from a timing difference in receipt of a January 2025 \$1,600,000 capital campaign pledge payment. The loan is secured by the upcoming pledge payment as well as KPBS endowments with loan principal and accumulated interest of 4.78% per annum due February 2025.

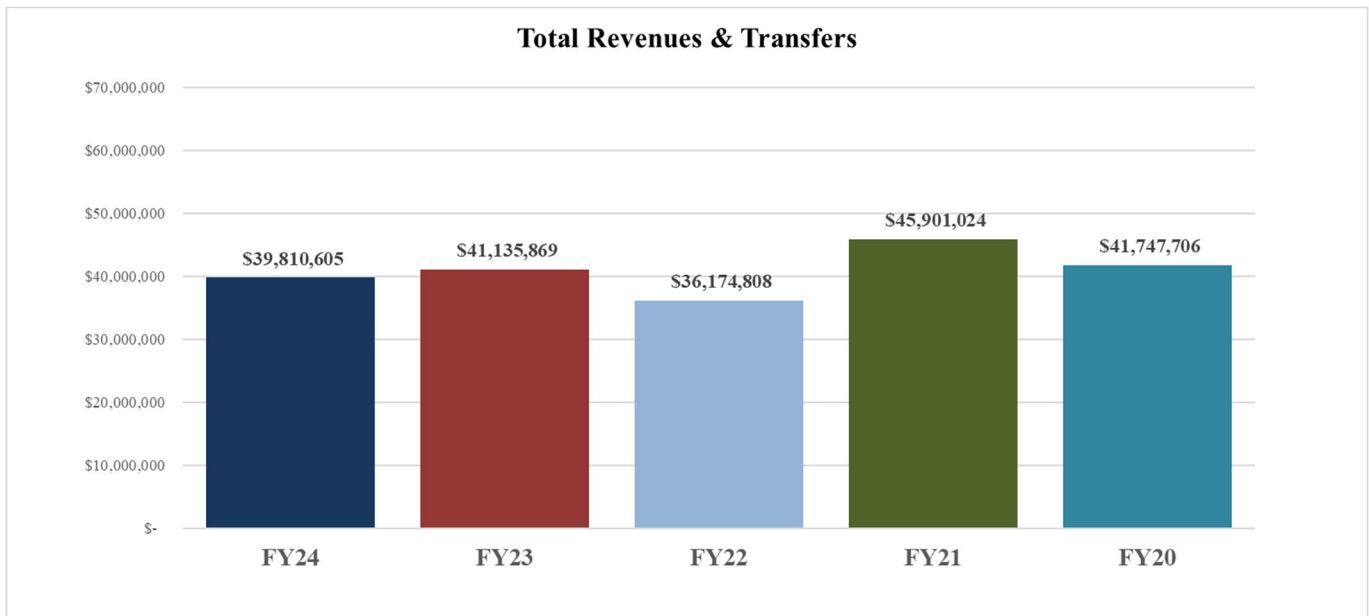
SUPPLEMENTARY INFORMATION

KPBS FM/TV
(A Department of San Diego State University)
Supplementary Schedule of Direct and Indirect Support
For the years ended June 30, 2024

	KPBS Excluding			
	Direct and Indirect	SDSU Transfers	SDSU Transfers	KPBS
	Transfers	Direct	Indirect	Combined
Operating revenues:				
Contributions	\$ 24,918,557	\$ -	\$ -	\$ 24,918,557
Corporation for Public Broadcasting grants	4,386,361	-	-	4,386,361
Stations-generated support	353,007	-	-	353,007
Total operating revenues	29,657,925	-	-	29,657,925
Operating expenses:				
Program services:				
Programming and production	15,476,925	134,874	3,029,950	18,641,749
Broadcasting	3,991,464	1,057,054	516,154	5,564,672
Program information and promotion	1,424,499	-	271,085	1,695,584
Total program services	20,892,888	1,191,928	3,817,189	25,902,005
Support services:				
Management and general	3,483,655	920,675	710,203	5,114,533
Fundraising, membership and development	7,563,992	48,591	1,360,151	8,972,734
Underwriting	2,077,318	-	341,003	2,418,321
Total support services	13,124,965	969,266	2,411,357	16,505,588
Total operating expenses	34,017,853	2,161,194	6,228,546	42,407,593
Operating (loss)	(4,359,928)	(2,161,194)	(6,228,546)	(12,749,668)
Nonoperating (expenses) revenues:				
Interest expense	(226,473)	-	-	(226,473)
Interest income, net	386,570	-	-	386,570
Net (decrease) in fair value of investments	1,376,370	-	-	1,376,370
Other nonoperating expenses	(48,741)	-	-	(48,741)
Total nonoperating (expenses), net	1,487,726	-	-	1,487,726
(Loss) before transfers	(2,872,202)	(2,161,194)	(6,228,546)	(11,261,942)
San Diego State University transfers:				
Direct financial support	-	2,161,194	-	2,161,194
Indirect financial support	-	-	6,228,546	6,228,546
Total San Diego State University transfers	-	2,161,194	6,228,546	8,389,740
Change in net position	\$ (2,872,202)	\$ -	\$ -	\$ (2,872,202)
Net position, beginning of year				65,542,211
Net position, end of year				\$ 62,670,009

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Supplementary Schedule of Revenues and Transfers
For the years ended June 30,

	<u>FY24</u>	<u>FY23</u>	<u>FY22</u>	<u>FY21</u>	<u>FY20</u>
Operating revenues:					
Contributions	\$ 24,918,557	\$ 27,862,752	25,966,550	\$ 32,798,083	\$ 29,615,309
Corporation for Public Broadcasting grants	4,386,361	3,798,215	3,603,256	3,521,773	3,550,889
Reimbursement from the FCC related to station repack	-	-	43,390	-	212,583
Stations-generated support	353,007	266,369	319,953	77,981	71,128
Total operating revenues	<u>29,657,925</u>	<u>31,927,336</u>	<u>29,933,149</u>	<u>36,397,837</u>	<u>33,449,909</u>
Nonoperating revenues and transfers:					
San Diego State University transfers:					
Direct financial support	2,161,194	2,145,550	2,031,046	2,486,354	2,407,711
Indirect financial support	6,228,546	5,844,028	5,426,741	5,342,593	5,318,788
Total San Diego State University transfers	<u>8,389,740</u>	<u>7,989,578</u>	<u>7,457,787</u>	<u>7,828,947</u>	<u>7,726,499</u>
Nonoperating revenues					
Interest income, net	386,570	203,823	200,210	346,622	189,472
Net (decrease) increase in fair value of investments	1,376,370	1,015,132	(1,416,338)	1,327,618	295,245
Gain on sale of donated property	-	-	-	-	-
Other nonoperating revenues	-	-	-	-	7,221
Gain on bond refunding	-	-	-	-	79,360
Total nonoperating revenues, net	<u>1,762,940</u>	<u>1,218,955</u>	<u>(1,216,128)</u>	<u>1,674,240</u>	<u>571,298</u>
Total revenues and transfers	<u>\$ 39,810,605</u>	<u>\$ 41,135,869</u>	<u>\$ 36,174,808</u>	<u>\$ 45,901,024</u>	<u>\$ 41,747,706</u>



KPBS FM/TV
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Supplementary Schedule of Revenues, Expenses, and Changes in Net Position by
CPB Licensee
For the year ended June 30, 2024

	<u>TV</u>	<u>FM</u>	<u>KPBS Combined</u>
Operating revenues:			
Contributions	\$ 15,984,457	\$ 8,934,100	\$ 24,918,557
Corporation for Public Broadcasting grants	3,326,593	1,059,768	4,386,361
Reimbursement from the FCC related to station repack	-	-	-
Stations-generated support	<u>264,755</u>	<u>88,252</u>	<u>353,007</u>
Total operating revenues	<u>19,575,805</u>	<u>10,082,120</u>	<u>29,657,925</u>
Operating expenses:			
Program services:			
Programming and production	13,767,299	4,874,450	18,641,749
Broadcasting	4,399,921	1,164,751	5,564,672
Program information and promotion	<u>1,271,195</u>	<u>424,389</u>	<u>1,695,584</u>
Total program services	<u>19,438,415</u>	<u>6,463,590</u>	<u>25,902,005</u>
Support services:			
Management and general	3,693,449	1,421,084	5,114,533
Fundraising, membership and development	6,275,621	2,697,113	8,972,734
Underwriting	<u>1,229,850</u>	<u>1,188,471</u>	<u>2,418,321</u>
Total support services	<u>11,198,920</u>	<u>5,306,668</u>	<u>16,505,588</u>
Total operating expenses	<u>30,637,335</u>	<u>11,770,258</u>	<u>42,407,593</u>
Operating (loss)	<u>(11,061,530)</u>	<u>(1,688,138)</u>	<u>(12,749,668)</u>
Nonoperating (expenses) revenues:			
Interest expense	(169,855)	(56,618)	(226,473)
Interest income, net	289,928	96,642	386,570
Net (decrease) in fair value of investments	1,008,412	367,958	1,376,370
Other nonoperating expenses	<u>(36,556)</u>	<u>(12,185)</u>	<u>(48,741)</u>
Total nonoperating income	<u>1,091,929</u>	<u>395,797</u>	<u>1,487,726</u>
(Loss) before transfers	<u>(9,969,601)</u>	<u>(1,292,341)</u>	<u>(11,261,942)</u>
San Diego State University transfers:			
Direct financial support	1,608,961	552,233	2,161,194
Indirect financial support	<u>4,557,192</u>	<u>1,671,354</u>	<u>6,228,546</u>
Total San Diego State University transfers	<u>6,166,153</u>	<u>2,223,587</u>	<u>8,389,740</u>
Change in net position	<u>\$ (3,803,448)</u>	<u>\$ 931,246</u>	<u>\$ (2,872,202)</u>