

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

November 7, 2023

Board of Directors
The Public Broadcasting Foundation of Northwest Ohio

We have audited the financial statements of *The Public Broadcasting Foundation of Northwest Ohio* (the "Foundation") as of and for the year ended June 30, 2023 and have issued our report thereon dated November 7, 2023. Professional standards require that we advise you of the following matters related to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated August 16, 2023, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America ("GAAP"). Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Foundation solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding an internal control deficiency in an attachment to this letter.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you in our engagement letter and in our meeting about planning matters on August 17, 2023.



Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

We have identified the risks of management override of internal control, improper revenue recognition, and completeness of lease obligations as significant risks, and we have designed and performed audit procedures responsive to these risks.

Qualitative Aspects of the Foundation's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Foundation is included in Note 1 to the financial statements.

On July 1, 2022, the Foundation adopted ASC Topic 842, *Leases*. The standard, as amended, establishes a right-of-use ("ROU") model that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for all leases with a term longer than 12 months. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statement of activities. Upon adoption, the Foundation recognized operating lease liabilities and operating lease ROU assets of \$94,348 for the present value of the remaining minimum rental payments on existing operating leases. Corresponding amounts were not reclassified in prior periods as those prior periods are presented under ASC 840, *Leases*.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgment. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

There are no sensitive accounting estimates affecting the financial statements that are deemed significant.

Significant Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit; however, there was a delay in closing the net property and equipment accounts, and the related support was not received in a timely manner.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. The attached schedule summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Foundation's financial statements or the auditors' report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain representations from management, which are included in the attached letter dated November 7, 2023.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings or Issues

In the normal course of our professional association with the Foundation, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, business conditions affecting the Foundation, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Foundation's auditors.

This report is intended solely for the information and use of the governing body and management of ***The Public Broadcasting Foundation of Northwest Ohio*** and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Rehmann Lobson LLC

Attachment A – Consideration of Internal Control over Financial Reporting
For the June 30, 2023 Audit

In planning and performing our audit of *The Public Broadcasting Foundation of Northwest Ohio* (the "Foundation") as of and for the year ended June 30, 2023, we considered the Foundation's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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 may exist that have not been identified.

Net Asset Accounting

During our audit procedures, we noted that there were instances where the same balances were included in both deferred revenue and on the net assets schedule. Only those transactions that run through the statement of activities can get recorded into net assets. We also noted differences in management's beginning balances of net assets compared to the audited schedule from the prior year. We recommend that management updates their understanding of the underlying accounting in this area.





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November 7, 2023

Rehmann Robson
7124 W. Central Avenue
Toledo, Ohio 43617

This representation letter is provided in connection with your audits of the financial statements of *The Public Broadcasting Foundation of Northwest Ohio* (the "Foundation"), which comprise the statements of financial position as of June 30, 2023 and 2022 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, 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.

We confirm that, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of November 7, 2023:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated August 16, 2023, for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework we have chosen, which is accounting principles generally accepted in the United States of America.
2. The financial statements are fairly presented in accordance with accounting principles generally accepted in the United States of America.
3. We acknowledge our responsibility 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.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
6. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of accounting principles generally accepted in the United States of America.

For the purposes of this letter, related parties mean affiliated or financially interrelated organizations; entities for which investments are accounted for by the equity method by the Foundation; trusts for the benefit of employees, such as pension trusts that are managed by or

under the trusteeship of management or the governing board; members of the Foundation's management and governing board and their immediate families; and other parties with which the Foundation may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests, such as significant contributors. Another party also is a related party if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests. Additional related parties may include certain national and local affiliates and a separate entity with officers or directors also on the nonprofit Foundation's governing board.

7. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter.
8. There were no events subsequent to the date of the financial statements for which accounting principles generally accepted in the United States of America require adjustment to or disclosure in the financial statements.
9. With respect to the financial statement and 990 preparation, and assistance with implementation of ASC 842, *Leases*, we have:
 - a. Made all management decisions and performed all management functions;
 - b. Assigned a competent individual to oversee the services;
 - c. Evaluated the adequacy of the services performed;
 - d. Evaluated and accepted responsibility for the result of the service performed; and
 - e. Established and maintained internal controls, including monitoring ongoing activities.
10. We have complied with all contractual agreements, grants, and donor restrictions.
11. We have maintained an appropriate composition of assets in amounts needed to comply with all donor restrictions.
12. We have accurately presented the Foundation's position regarding taxation and tax-exempt status.
13. The bases used for allocation of functional expenses are reasonable and appropriate.
14. We have included in the financial statements all assets and liabilities under the Foundation's control.
15. We have designed, implemented, and maintained adequate internal controls over the receipt and recording of contributions.

16. Reclassifications between net asset classes are proper.
17. The governing board's interpretations concerning whether laws place restrictions on net appreciation of donor-restricted endowments are reasonable and have been disclosed to you.
18. Methods and significant assumptions used by management to determine fair values, their consistency in application, and the completeness and adequacy of fair value information for financial statement measurement and disclosure purposes are appropriate.
19. Receivables and unconditional promises to give are recorded in the consolidated financial statements represent valid claims arising on or before the consolidated statement of financial position date and have been reduced to their estimated net realizable value.
20. At the time of the COVID-19 outbreak, it was unknown as to the degree the outbreak would disrupt and affect the Foundation's normal activities. Management reasonably expected the COVID-19 outbreak to negatively impact the Foundation's financial position, changes in net assets, the timing and amounts of cash flows, and operating results. Management does not believe that any ongoing negative financial impacts of the pandemic, if any, would be material to the Foundation.

Information Provided

21. We have provided you with:
 - a. Access to all information that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit; and
 - c. Unrestricted access to persons within the Foundation from whom you determined it necessary to obtain audit evidence.
22. All transactions have been recorded in the accounting records and are reflected in the financial statements.
23. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
24. We have provided to you our analysis of the Foundation's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans.
25. We have no knowledge of any fraud or suspected fraud that affects the Foundation and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others when the fraud could have a material effect on the financial statements.

26. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the Foundation's financial statements communicated by employees, former employees, analysts, regulators or others.
27. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws, regulations, contracts, and grant agreements whose effects should be considered when preparing financial statements.
28. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements, and we have not consulted legal counsel concerning litigation or claims.
29. We have disclosed to you the identity of the Foundation's related parties and all the related party relationships and transactions of which we are aware.

Supplementary Information in Relation to the Financial Statements as a Whole

30. With respect to the Combining Statement of Activities by CPB Licensee accompanying the financial statements (the "supplementary information"):
 - a. We acknowledge our responsibility for the presentation of the supplementary information.
 - b. We believe the supplementary information, including its form and content, is fairly presented in relation to the financial statements as whole, which statements are presented in accordance with accounting principled generally accepted in the United States of America.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. We believe the significant assumptions or interpretations underlying the measurement or presentation of the supplementary information, and the basis of our assumptions and interpretations are reasonable and appropriate in the circumstances.



Marlon P. Kiser
President and CEO

11/7/2023
Date



Sue Kaake
Chief Financial Officer

11/7/23
Date

Rehmann Robson
November 7, 2023
Page 5 of 5

A handwritten signature in black ink, appearing to read "Amy Larkin", written over a horizontal line.

Amy Larkin
Managing Finance Director, NETA

A handwritten date "7 November 2023" written in black ink over a horizontal line.

Date

The Public Broadcasting
Foundation of Northwest Ohio

Years Ended
June 30,
2023 and 2022

Financial
Statements
and
Supplementary
Information

Rehmann

THE PUBLIC BROADCASTING FOUNDATION OF NORTHWEST OHIO

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November 7, 2023

Board of Directors
The Public Broadcasting Foundation of
Northwest Ohio
Toledo, Ohio

Opinion

We have audited the accompanying financial statements of *The Public Broadcasting Foundation of Northwest Ohio* (the "Foundation"), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of *The Public Broadcasting Foundation of Northwest Ohio* as of June 30, 2023 and 2022, and the changes in their net assets and their 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 audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Independent Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Foundation 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.

Change in Accounting Principle

As described in Note 1 to the financial statements, effective July 1, 2022, the Foundation adopted Accounting Standards Codification Topic 842, *Leases*. 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 these 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 Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Independent Auditors' 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 auditors' 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 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, 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 Foundation'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 Foundation'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.

Rehmann Lobson LLC

THE PUBLIC BROADCASTING FOUNDATION OF NORTHWEST OHIO

Statements of Financial Position

	June 30	
	2023	2022
ASSETS		
Current assets		
Cash		
Cash and cash equivalents	\$ 4,309,021	\$ 4,373,126
Restricted cash	12,000	12,000
Total cash	4,321,021	4,385,126
Accounts receivable, less allowance for doubtful accounts of \$2,500	44,156	53,096
Unconditional promises to give, less allowance for doubtful pledges of \$6,500	169,907	164,627
Prepaid expenses	227,040	112,034
Total current assets	4,762,124	4,714,883
Investments	6,876,846	6,316,803
Deposits and other assets	12,075	12,075
Right-of-use assets	71,321	-
Net property and equipment	4,144,213	3,725,693
Total assets	\$ 15,866,579	\$ 14,769,454
LIABILITIES AND NET ASSETS		
Current liabilities		
Current portion of operating lease obligations	\$ 24,570	\$ -
Accounts payable and accrued expenses	37,428	49,957
Accrued payroll and related costs	151,593	168,237
Funds held as fiscal agent	12,000	12,000
Total current liabilities	225,591	230,194
Operating lease obligations	46,788	-
Deferred income - underwriting and other	35,577	33,838
Refundable advances on conditional contributions	345,275	-
Total liabilities	653,231	264,032
Net assets		
Without donor restrictions:		
Undesignated	5,494,654	5,188,372
Investment in property and equipment	4,144,213	3,725,693
Board-designated for capital	545,887	522,982
Board-designated for endowment	4,401,944	4,017,212
Total net assets without donor restrictions	14,586,698	13,454,259
With donor restrictions	626,650	1,051,163
Total net assets	15,213,348	14,505,422
Total liabilities and net assets	\$ 15,866,579	\$ 14,769,454

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

THE PUBLIC BROADCASTING FOUNDATION OF NORTHWEST OHIO

Statement of Activities

Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support and gains			
Memberships - TV and FM	\$ 1,460,470	\$ -	\$ 1,460,470
Broadcast Educational Media Commission	246,696	-	246,696
Broadcast Educational Media Commission in-kind Corporation for Public Broadcasting ("CPB")	517,130	-	517,130
Underwriting	1,032,238	-	1,032,238
State Department of Education	188,980	-	188,980
State Department of Human Services	137,863	-	137,863
Special events, less direct expenses of \$686,811	82,618	-	82,618
Projects and production services	77,839	-	77,839
School contracts	246,801	-	246,801
Contributions	154,790	87,681	242,471
Net investment return	751,223	19,125	770,348
Other	648,988	-	648,988
Net assets released from restrictions	188,267	-	188,267
	<u>531,319</u>	<u>(531,319)</u>	<u>-</u>
Total revenue, support and gains	<u>6,265,222</u>	<u>(424,513)</u>	<u>5,840,709</u>
Expenses			
Program services			
TV programming	923,422	-	923,422
TV production	651,640	-	651,640
TV and FM engineering	578,879	-	578,879
FM programming and production	851,195	-	851,195
TV educative services	293,721	-	293,721
Public information	269,968	-	269,968
	<u>3,568,825</u>	<u>-</u>	<u>3,568,825</u>
Total program services			
Supporting services			
Development	385,771	-	385,771
General and administrative	1,178,187	-	1,178,187
	<u>1,563,958</u>	<u>-</u>	<u>1,563,958</u>
Total supporting services			
Total expenses	<u>5,132,783</u>	<u>-</u>	<u>5,132,783</u>
Changes in net assets	1,132,439	(424,513)	707,926
Net assets, beginning of year	13,454,259	1,051,163	14,505,422
Net assets, end of year	<u>\$ 14,586,698</u>	<u>\$ 626,650</u>	<u>\$ 15,213,348</u>

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

THE PUBLIC BROADCASTING FOUNDATION OF NORTHWEST OHIO

Statement of Activities

Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support and gains (losses)			
Memberships - TV and FM	\$ 1,412,105	\$ -	\$ 1,412,105
Broadcast Educational Media Commission	246,694	-	246,694
Broadcast Educational Media Commission in-kind Corporation for Public Broadcasting ("CPB")	570,423	-	570,423
Underwriting	1,114,178	-	1,114,178
State Department of Education	270,534	-	270,534
State Department of Human Services	137,863	-	137,863
Special events, less direct expenses of \$674,413	82,617	-	82,617
Projects and production services	152,168	-	152,168
School contracts	273,623	-	273,623
Contributions	-	87,681	87,681
Net investment loss	201,996	60,000	261,996
Other	(937,791)	-	(937,791)
Net assets released from restrictions	161,284	-	161,284
	614,050	(614,050)	-
Total revenue, support and gains (losses)	4,299,744	(466,369)	3,833,375
Expenses			
Program services			
TV programming	999,319	-	999,319
TV production	787,460	-	787,460
TV and FM engineering	582,366	-	582,366
FM programming and production	736,623	-	736,623
TV educative services	245,006	-	245,006
Public information	201,915	-	201,915
Total program services	3,552,689	-	3,552,689
Supporting services			
Development	404,314	-	404,314
General and administrative	993,089	-	993,089
Total supporting services	1,397,403	-	1,397,403
Total expenses	4,950,092	-	4,950,092
Changes in net assets	(650,348)	(466,369)	(1,116,717)
Net assets, beginning of year	14,104,607	1,517,532	15,622,139
Net assets, end of year	\$ 13,454,259	\$ 1,051,163	\$ 14,505,422

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

THE PUBLIC BROADCASTING FOUNDATION OF NORTHWEST OHIO

Statement of Functional Expenses
 Year Ended June 30, 2023
 (With Comparative Totals for the Year Ended June 30, 2022)

	Program Services						Supporting Services				Total 2022	
	TV Programming	TV Production	TV and FM Engineering	FM Programming and Production	TV Educational Services	Public Information	Total Program Services	Development	General and Administrative	Total Supporting Services		
Salaries and related costs	\$ 213,655	\$ 161,416	\$ 156,806	\$ 251,236	\$ 181,391	\$ 181,810	\$ 1,146,314	\$ 223,220	\$ 488,264	\$ 711,484	\$ 1,857,798	\$ 1,589,185
Employee benefits	58,776	44,405	43,137	69,114	49,900	50,015	315,347	61,407	134,320	195,727	511,074	446,836
Payroll taxes	15,301	11,560	11,230	17,993	12,990	13,020	82,094	15,986	34,967	50,953	133,047	114,818
Total salaries and related expenses	287,732	217,381	211,173	338,343	244,281	244,845	1,543,755	300,613	657,551	958,164	2,501,919	2,150,839
Subscriptions, dues and licenses	50,305	455	254	216,504	32	5,535	273,085	44,549	31,997	76,546	349,631	450,017
Outside broadcasting and other services	-	415,688	-	101,579	14,885	656	532,808	11,964	-	11,964	544,772	634,228
Station program cooperative	561,884	-	-	-	-	-	561,884	-	-	-	561,884	633,195
Program acquisition	7,824	-	-	58,052	-	-	65,876	-	-	-	65,876	67,911
Talent fees	-	8,000	-	-	-	-	8,000	-	-	-	8,000	22,500
Professional services	-	-	-	-	-	-	-	-	52,416	52,416	52,416	51,713
Purchased services	4,250	3,650	-	-	-	-	7,900	-	75,098	75,098	82,998	25,840
Utilities	-	-	36,591	51,180	-	-	87,771	-	96,930	96,930	184,701	147,653
Telephone	-	-	-	27,194	481	-	27,675	12,684	26,029	38,713	66,388	68,402
Computer services and supplies	11,373	50	7,834	8,903	-	-	28,160	2,637	14,148	16,785	44,945	35,012
Printing and duplicating	-	-	-	-	255	17,682	17,937	9,383	1,798	11,181	29,118	25,666
Office supplies and equipment	-	151	-	269	2,013	-	2,433	205	2,250	2,455	4,888	6,753
Advertising and promotion	-	1,003	-	402	20,646	-	22,051	2,093	-	-	24,144	28,327
Supplies and videotapes	-	2,635	-	79	375	-	3,089	-	-	-	3,089	15,280
Repairs and maintenance	-	482	19,063	15,994	-	-	35,539	-	53,309	53,309	88,848	77,000
Raffle	-	-	-	-	-	-	-	686,811	-	686,811	686,811	674,413
Travel and conference	-	16	45	326	4,949	-	5,336	-	2,004	2,004	7,340	5,191
Meetings	-	2,118	-	869	-	-	2,987	1,517	3,626	5,143	8,130	4,152
Rent	-	-	975	20,186	-	-	21,161	-	-	-	21,161	19,954
Insurance	-	-	-	-	-	-	-	-	61,741	61,741	61,741	55,301
Postage and shipping	-	11	-	-	694	1,250	1,955	126	44,434	44,560	46,515	53,296
Satellite interconnection	-	-	-	11,315	-	-	11,315	-	-	-	11,315	10,880
Events	-	-	-	-	4,999	-	4,999	-	-	-	4,999	2,661
Miscellaneous	54	-	-	-	111	-	165	-	54,856	54,856	55,021	38,749
Depreciation	-	-	302,944	-	-	-	302,944	-	-	-	302,944	319,572
Total expenses by function	923,422	651,640	578,879	851,195	293,721	269,968	3,568,825	1,072,582	1,178,187	2,250,769	5,819,594	5,624,505

Less special event expenses included with revenues on the statement of activities	-	-	-	-	-	-	-	(686,811)	-	(686,811)	(674,413)	-
Total expenses included in the expenses section on the statement of activities	\$ 923,422	\$ 651,640	\$ 578,879	\$ 851,195	\$ 293,721	\$ 269,968	\$ 3,568,825	\$ 385,771	\$ 1,178,187	\$ 1,563,958	\$ 5,132,783	\$ 4,950,092

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

THE PUBLIC BROADCASTING FOUNDATION OF NORTHWEST OHIO

Statement of Functional Expenses

Year Ended June 30, 2022

	Program Services						Supporting Services				Total 2022
	TV Programming	TV Production	TV and FM Engineering	FM Programming and Production	TV Educational Services	Public Information	Total Program Services	Development	General and Administrative	Total Supporting Services	
Salaries and related costs	\$ 147,632	\$ 206,548	\$ 146,670	\$ 187,735	\$ 116,345	\$ 133,713	\$ 938,643	\$ 205,927	\$ 444,615	\$ 650,542	\$ 1,589,185
Employee benefits	41,510	58,076	41,240	52,786	32,713	37,596	263,921	57,901	125,014	182,915	446,836
Payroll taxes	10,666	14,923	10,597	13,564	8,406	9,661	67,817	14,878	32,123	47,001	114,818
Total salaries and related expenses	199,808	279,547	198,507	254,085	157,464	180,970	1,270,381	278,706	601,752	880,458	2,150,839
Subscriptions, dues and licenses	146,701	-	3,203	196,795	-	5,550	352,249	65,903	31,865	97,768	450,017
Outside broadcasting and other services	-	458,375	-	112,047	55,920	-	626,342	7,886	-	7,886	634,228
Station program cooperative	633,195	-	-	-	-	-	633,195	-	-	-	633,195
Program acquisition	8,242	-	-	59,669	-	-	67,911	-	-	-	67,911
Talent fees	-	22,500	-	-	-	-	22,500	-	-	-	22,500
Professional services	-	-	-	440	1,539	-	1,979	14,500	35,234	49,734	51,713
Purchased services	-	5,507	-	32,445	-	-	5,507	-	20,333	25,840	31,347
Utilities	-	-	30,548	26,548	481	-	27,029	21,860	84,660	84,660	147,653
Telephone	-	-	-	1,105	-	-	20,863	3,674	10,475	14,149	25,498
Computer services and supplies	11,373	1,680	6,705	1,105	-	15,018	15,018	9,009	1,639	10,648	25,666
Printing and duplicating	-	-	-	400	239	-	11	11	2,560	2,571	2,571
Office supplies and equipment	-	358	3,185	43	23,728	377	27,664	663	-	663	28,327
Advertising and promotion	-	3,516	-	43	-	-	3,559	-	-	-	3,602
Supplies and videotapes	-	15,181	-	99	-	-	15,280	-	-	-	15,280
Repairs and maintenance	-	-	19,810	21,343	-	-	41,153	-	35,847	35,847	77,000
Raffle	-	-	-	-	-	-	-	674,413	-	674,413	674,413
Travel and conference	-	742	-	-	1,638	-	2,380	-	2,811	2,811	5,191
Insurance	-	54	-	1,594	842	-	2,490	99	1,563	1,662	4,152
Meetings	-	-	-	19,130	-	-	19,954	-	-	-	19,954
Rent	-	-	824	-	-	-	-	-	55,301	55,301	55,301
Postage and shipping	-	-	-	10,880	460	-	460	2,003	50,833	52,836	53,296
Satellite interconnection	-	-	-	-	-	-	10,880	-	-	-	10,880
Events	-	-	-	-	2,661	-	2,661	-	-	-	2,661
Miscellaneous	-	-	12	-	34	-	46	-	38,703	38,703	38,749
Depreciation	-	-	319,572	-	-	-	319,572	-	-	-	319,572
Total expenses by function	999,319	787,460	582,366	736,623	245,006	201,915	3,552,689	1,078,727	993,089	2,071,816	5,624,505

Less special event expenses included with revenues on the statement of activities (674,413)

Total expenses included in the expenses section on the statement of activities \$ 999,319 \$ 787,460 \$ 582,366 \$ 736,623 \$ 245,006 \$ 201,915 \$ 3,552,689 \$ 404,314 \$ 993,089 \$ 1,397,403 \$ 4,950,092

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

THE PUBLIC BROADCASTING FOUNDATION OF NORTHWEST OHIO

Statements of Cash Flows

	Year Ended June 30	
	2023	2022
Cash flows from operating activities		
Changes in net assets	\$ 707,926	\$ (1,116,717)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	302,944	319,572
Amortization of right-of-use assets	23,027	-
Net realized and unrealized (gain) loss on investments	(364,875)	1,110,792
Changes in operating assets and liabilities which provided (used) cash		
Accounts receivable	8,940	24,527
Unconditional promises to give	(5,280)	132,639
Prepaid expenses	(115,006)	(48,692)
Accounts payable and accrued expenses	(12,529)	(105,030)
Accrued payroll and related costs	(16,644)	52,111
Operating lease obligations	(22,990)	-
Deferred income - underwriting and other	1,739	(57,712)
Refundable advances on conditional contributions	345,275	-
Net cash provided by operating activities	852,527	311,490
Cash flows from investing activities		
Sales and maturities of investments	5,001,584	1,948,335
Purchases of investments	(5,196,752)	(2,264,948)
Purchases of property and equipment	(721,464)	(299,286)
Net cash used in investing activities	(916,632)	(615,899)
Net decrease in cash	(64,105)	(304,409)
Cash, beginning of year	4,385,126	4,689,535
Cash, end of year	\$ 4,321,021	\$ 4,385,126

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

THE PUBLIC BROADCASTING FOUNDATION OF NORTHWEST OHIO

Notes to Financial Statements

1. NATURE OF ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Public Broadcasting Foundation of Northwest Ohio (the "Foundation") is a public media service institution serving Northwest Ohio and Southeast Michigan. The Foundation produces and broadcasts programming on non-commercial public television (WGTE) and local radio stations (FM 91). Operations also include web technologies, educational services, and community outreach.

Risks and Economic Uncertainties

At the time of the COVID-19 outbreak, it was unknown as to the degree the outbreak would disrupt and affect the Foundation's normal activities. Management reasonably expected the COVID-19 outbreak to negatively impact the Foundation's financial position, changes in net assets, the timing and amounts of cash flows, and operating results. Management does not believe that any ongoing negative financial impacts of the pandemic, if any, would be material to the Foundation.

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in these financial statements.

Basis of Presentation

Net assets, revenues, support, and gains (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 for investment in property and equipment, as well as board-designated capital and endowment (See Note 9).

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both, and are reported as net assets released from restrictions (See Note 8).

THE PUBLIC BROADCASTING FOUNDATION OF NORTHWEST OHIO

Notes to Financial Statements

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting year. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits in banks, cash on hand and deposits in money market funds. In the normal course of business, the Foundation maintains its deposits in financial institutions in amounts which, at times, may exceed federally insured limits. Management does not believe the Foundation is exposed to any significant financial risk as a result of these deposits.

Fair Value Measurements

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants in the market in which the reporting entity transacts such sales or transfers based on the assumptions market participants would use when pricing an asset or liability. Assumptions are developed based on prioritizing information within a fair value hierarchy that gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3).

A description of each category in the fair value hierarchy is as follows:

- Level 1: Valuation is based upon quoted prices for identical instruments traded in active markets.
- Level 2: Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all-significant assumptions are observable in the market.
- Level 3: Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect the estimates of assumptions that market participants would use in pricing the asset or liability.

For a further discussion of fair value measurements, refer to Note 3 to the financial statements.

THE PUBLIC BROADCASTING FOUNDATION OF NORTHWEST OHIO

Notes to Financial Statements

Investments

Investments consist of common/collective trust funds, common stock, and mutual funds. Investments in common/collective trust funds are valued at fair value based on closing prices provided by investment pricing services for funds traded in inactive markets. Investments in common stocks and mutual funds are valued at fair value as established by major securities markets.

Dividend and interest income is recorded as earned. Investment income, including realized and unrealized gains and losses, is allocated among net assets with donor restrictions and without donor restrictions based on donor restrictions or the absence thereof. Net investment return (loss), which includes dividend and interest income and realized and unrealized gains and losses, is reported net of external investment expenses.

Property and Equipment and Depreciation

Property and equipment are stated at cost or at fair value at date of gift, if so acquired. Maintenance and repairs costs are charged to expense whereas betterments are capitalized. Management reviews these assets for impairment whenever events or changes in circumstances indicate the related carrying amount may not be recoverable.

The Foundation provides for depreciation at rates which are sufficient to amortize the carrying amounts of such assets over the period of their estimated useful lives, which range from 3 to 40 years. Depreciation is computed using the straight-line method.

Revenue Recognition

The Foundation records as revenue the following types of contributions when they are received unconditionally, at their fair value: cash, promises to give, and gifts of long-lived and other assets. Conditional contributions, 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 met. Contributions without a donor restriction are reported as increases in net assets without donor restrictions, and donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. However, for unconditional donor-restricted contributions that were initially conditional, if donor-imposed restrictions are met in the same year that they became unconditional, the revenues are reported as revenues without donor restrictions on the statements of activities. At June 30, 2023, refundable advances on conditional contributions of \$345,275 are recognized on the statement of financial position because the conditions on which these contributions depend on have not yet been met. The related conditions, of which \$266,000 relate to matching funds spent on and completion of specific capital projects, \$74,275 relate to incurring allowable costs under a grant, and \$5,000 relate to an occurrence of a specific event, are expected to be met in fiscal 2024, at which time the contributions will be recognized on the statement of activities.

THE PUBLIC BROADCASTING FOUNDATION OF NORTHWEST OHIO

Notes to Financial Statements

Membership dues, which are nonrefundable, are composed of an exchange element based on the value of benefits provided, and a contribution element revenue from memberships within the fiscal year in which memberships are received and consumed. The contribution element is recognized as received, as noted above. The exchange element is immaterial to the Foundation, therefore memberships are treated as contributions and recognized as received.

The Foundation receives funding from various individuals and organizations which is used to underwrite the cost of airing certain television and radio programs. Underwriting is accounted for as conditional contributions. The amount received is deferred until the time the programs are aired, at which time the conditions are determined to be met.

In-Kind Contributions and Services

The Foundation's operations are partially dependent on in-kind contributions and services. In-kind contributions of property where legal title passes or possession takes place are recorded in the financial statements at fair value at the date of gift. There were no in-kind contributions of property of significance in fiscal 2023 or 2022. In-kind services are also recorded in the financial statements. The Broadcast Educational Media Commission provided support to the Foundation for TV and FM production, which was recorded at the fair value of the services provided and amounted to \$517,130 and \$570,423 for the years ended June 30, 2023 and 2022, respectively. The fair value of these services is based on the actual cost incurred by the donor; this information is provided by the donor. All donated services were utilized by the Foundation's television and radio programs and services. There were no donor-imposed restrictions associated with the donated services and assets.

Programs

The Foundation acquires program broadcast rights from the Public Broadcasting Service and other programming services. The Foundation expenses program broadcast rights based on the payment terms, which approximates the term and usage of the broadcast rights.

Functional Allocation of Expenses

The cost of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting expenses on an actual basis or have been allocated based on methods determined appropriate for each program. Administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation. Although the methods of allocation are considered reasonable, other methods could be used that would produce a different amount.

THE PUBLIC BROADCASTING FOUNDATION OF NORTHWEST OHIO

Notes to Financial Statements

Income Taxes

The Foundation is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is exempt from similar state and local taxes. Although the Foundation was granted income tax exemption by the Internal Revenue Service, such exemption does not apply to "unrelated business taxable income." Such income, pursuant to the Internal Revenue Code and related regulations, includes activities from its tower rentals and web services operations. The Foundation has been classified as not a private foundation.

The Foundation analyzes its income tax filing positions in the federal and state jurisdictions where it is required to file income tax returns, for all open tax years in these jurisdictions, to identify potential uncertain tax positions.

The Foundation has evaluated its income tax filing positions for fiscal years 2020 through 2023, the years which remain subject to examination as of June 30, 2023. The Foundation concluded that there are no significant uncertain tax positions requiring recognition in the Foundation's financial statements. The Foundation does not expect the total amount of unrecognized tax benefits ("UTB") (e.g. tax deductions, exclusions, or credits claimed or expected to be claimed) to significantly change in the next twelve months. The Foundation does not have any amounts accrued for interest and penalties related to UTBs at June 30, 2023 or 2022, and is not aware of any claims for such amounts by federal or state income tax authorities.

At June 30, 2023 and 2022, the Foundation has net operating loss carryforwards from unrelated business activities of approximately \$850,000 and \$864,000, respectively, for federal income tax purposes. These loss carryforwards expire in varying amounts from 2026 through 2035. No deferred tax asset has been recorded relating to the net operating loss carryforwards as the Foundation has a history of cumulative losses from unrelated business activities.

Leases, including Recent Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board ("FASB") established Accounting Standards Codification ("ASC") Topic 842, *Leases* ("ASC 842"), by issuing Accounting Standards Update ("ASU") No. 2016-02 ("ASU 2016-02"). The standard, as amended, establishes a right-of-use ("ROU") model that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for all leases with a term longer than 12 months. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statement of activities.

The Foundation adopted ASU 2016-02, as amended, effective July 1, 2022. Financial information has not been updated and the disclosures required under the new standard have not been provided for dates and periods before July 1, 2022. The Foundation elected the new standard's package of practical expedients, which permits the Foundation to maintain prior conclusions about lease identification, lease classification, and initial direct costs. The Foundation elected to use the go-forward practical expedient to not separate lease and non-lease components for all of the leases. The Foundation also elected to use the short-term lease recognition exemption for all leases that qualify.

THE PUBLIC BROADCASTING FOUNDATION OF NORTHWEST OHIO

Notes to Financial Statements

Upon adoption, the Foundation recognized operating lease liabilities and operating ROU assets of \$94,348, for the present value of the remaining minimum rental payments on existing operating leases (including consideration related to non-lease components due to the related practical expedient). Corresponding amounts were not reclassified in prior periods as those prior periods are presented under ASC 840, *Leases*. Refer to Note 6 to the financial statements for information regarding leases.

The Foundation's lease arrangements primarily relate to antenna tower rentals and certain office equipment such as copy machines. The leases generally have initial terms of five to twenty years and may include renewal options, early-termination options, and/or rent escalation clauses. The Foundation is typically required to make fixed minimum rent payments, variable rent payments, or a combination thereof, relating to its right to use an underlying leased asset. The Foundation is also often required to pay for certain other costs that do not relate specifically to its right to use an underlying asset, but that are associated with the asset, which may be fixed or variable in amount, depending on the terms of the respective lease agreement.

Management determines whether an arrangement contains a lease at the arrangement's inception. If a lease is determined to exist, its related term is assessed at lease commencement, once the underlying asset is made available by the lessor for the Foundation's use. The Foundation's assessment of the lease term reflects the non-cancellable period of the lease, inclusive of any rent-free periods and/or periods covered by early-termination options for which the Foundation is not considered reasonably certain of exercising, as well as periods covered by renewal options for which it is considered reasonably certain of exercising. Management also determines lease classification as either operating or finance (formerly referred to as "capital") at lease commencement, which governs the pattern of expense recognition and the presentation thereof reflected in the statements of activities over the lease term.

For leases with a lease term exceeding 12 months, a lease liability is recorded on the Foundation's statement of financial position at lease commencement reflecting the present value of its fixed payment obligations over such term. A corresponding right-of-use ("ROU") asset equal to the initial lease liability is also recorded, increased by any prepaid rent and/or initial direct costs incurred in connection with execution of the lease, and reduced by any lease incentives received. The Foundation includes fixed payment obligations related to non-lease components in the measurement of ROU assets and lease liabilities, as it elects to account for lease and non-lease components together as a single lease component. Variable lease payments are not included in the measurement of ROU assets and lease liabilities. The Foundation does not have any finance type leases as of June 30, 2023. For purposes of measuring the present value of its fixed payment obligations for a given lease, the Foundation uses the risk-free discount rate, determined based on information available at lease commencement, as rates implicit in its leasing arrangements are not readily determinable.

For operating leases, fixed lease payments are recognized as operating lease cost on a straight-line basis over the lease term. For leases with a lease term of 12 months or less (referred to as a "short-term lease"), any fixed lease payments are recognized on a straight-line basis over such term and are not recognized on the statement of financial position. Variable lease cost, if any, is recognized as incurred for all leases.

Management annually reviews these ROU assets for impairment whenever events or circumstances indicate that their carrying values may not be fully recoverable.

THE PUBLIC BROADCASTING FOUNDATION OF NORTHWEST OHIO

Notes to Financial Statements

Reclassification

Certain amounts as reported in the 2022 financial statements have been reclassified to conform with the 2023 presentation.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to June 30, 2023, the most recent statement of financial position presented herein, through November 7, 2023, the date these financial statements were available to be issued. No significant such events or transactions were identified.

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

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

	2023	2022
Cash and cash equivalents	\$ 4,309,021	\$ 4,373,126
Accounts receivable	44,156	53,096
Unconditional promises to give - due within one year	169,907	164,627
Investment securities	6,876,846	6,316,803
Less		
Net assets with donor restrictions	(626,650)	(1,051,163)
Board designated for capital	(545,887)	(522,982)
Board designated for endowment	(4,401,944)	(4,017,212)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,825,449</u>	<u>\$ 5,316,295</u>

As part of the Foundation's liquidity plan, the Foundation structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition to the financial assets available to meet cash needs for general expenditure within one year of \$5,825,449 and \$5,316,295 at June 30, 2023 and 2022, respectively, the Foundation is primarily supported by membership revenue and support revenue from the Broadcast Educational Media Commission, Corporation for Public Broadcasting, and other donors. Additionally, the board designated funds could be made available upon Board approval, if necessary.

THE PUBLIC BROADCASTING FOUNDATION OF NORTHWEST OHIO

Notes to Financial Statements

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Foundation utilizes fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. Cash equivalents and investments are recorded at fair value on a recurring basis.

The following is a description of the valuation methodologies and key inputs used to measure financial assets recorded at fair value. The description includes an indication of the level of the fair value hierarchy in which the assets are classified.

Cash Equivalents

The carrying amounts of money market funds approximate fair values and are included as Level 1 assets.

Investments

Common/collective trust funds, common stock, and mutual funds are recorded at fair value on a recurring basis. The Foundation's Level 2 common/collective trust funds are made up of a variety of corporate and government bonds and government mortgage obligations that are traded in inactive markets. The fair value of these funds is determined by an investment pricing service on a daily basis, and there are no restrictions on redemptions. Fair value measurement of common stock and mutual funds is based upon quoted prices. Level 1 securities include common stock and mutual funds traded on an active exchange, such as the New York Stock Exchange, that are traded by dealers or brokers in active over-the-counter markets.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

THE PUBLIC BROADCASTING FOUNDATION OF NORTHWEST OHIO

Notes to Financial Statements

Assets Recorded at Fair Value on a Recurring Basis

The following tables set forth by level, within the fair value hierarchy, the recorded amount of assets measured at fair value on a recurring basis as of June 30:

2023	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Operating fund assets				
Cash equivalents				
Money market funds	\$ 1,052,119	\$ -	\$ -	\$ 1,052,119
Common/collective trust funds	-	334,879	-	334,879
Common stock	5,026	-	-	5,026
Mutual funds				
Domestic bond	68,908	-	-	68,908
Intermediate-term bond	404,404	-	-	404,404
Intermediate government	272,014	-	-	272,014
Diversified emerging markets equity	71,965	-	-	71,965
Foreign large-cap equity	172,477	-	-	172,477
Foreign small/mid growth	7,101	-	-	7,101
Large-cap equity	1,170,725	-	-	1,170,725
Mid-cap equity	88,767	-	-	88,767
Small-cap equity	85,873	-	-	85,873
World allocation	16,795	-	-	16,795
Real estate and infrastructure	25,971	-	-	25,971
Total operating fund assets	3,442,145	334,879	-	3,777,024

THE PUBLIC BROADCASTING FOUNDATION OF NORTHWEST OHIO

Notes to Financial Statements

2023	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Endowment fund assets				
Cash equivalents				
Money market funds	\$ 182,624	\$ -	\$ -	\$ 182,624
Mutual funds				
Domestic bond	82,227	-	-	82,227
Intermediate-term bond	477,505	-	-	477,505
Nontraditional bond	25,981	-	-	25,981
Intermediate government	321,114	-	-	321,114
Diversified emerging markets				
equity	288,530	-	-	288,530
Foreign equity	508,226	-	-	508,226
Large-cap equity	1,876,432	-	-	1,876,432
Mid-cap equity	107,691	-	-	107,691
Small-cap equity	94,247	-	-	94,247
Long-short equity	42,824	-	-	42,824
World allocation	74,748	-	-	74,748
Multistrategy	8,597	-	-	8,597
Real estate and infrastructure	115,582	-	-	115,582
Preferred stock	30,337	-	-	30,337
Convertibles	31,157	-	-	31,157
Systematic Trend	41,471	-	-	41,471
Relative Value Arbitrage	25,272	-	-	25,272
Total endowment fund assets	4,334,565	-	-	4,334,565
Total assets at fair value	\$ 7,776,710	\$ 334,879	\$ -	\$ 8,111,589

THE PUBLIC BROADCASTING FOUNDATION OF NORTHWEST OHIO

Notes to Financial Statements

2022	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Operating fund assets				
Cash equivalents				
Money market funds	\$ 992,601	\$ -	\$ -	\$ 992,601
Common/collective trust funds	-	344,780	-	344,780
Common stock	4,046	-	-	4,046
Mutual funds				
Domestic bond	59,707	-	-	59,707
Intermediate-term bond	608,575	-	-	608,575
Diversified emerging markets equity	70,418	-	-	70,418
Foreign large-cap equity	139,448	-	-	139,448
Foreign large value	6,521	-	-	6,521
Foreign small/mid growth	4,944	-	-	4,944
Large-cap equity	998,539	-	-	998,539
Mid-cap equity	76,617	-	-	76,617
Short-term bond	81,840	-	-	81,840
Commodities	13,126	-	-	13,126
Small-cap equity	78,766	-	-	78,766
World allocation	30,302	-	-	30,302
Total operating fund assets	3,165,450	344,780	-	3,510,230

THE PUBLIC BROADCASTING FOUNDATION OF NORTHWEST OHIO

Notes to Financial Statements

2022	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Endowment fund assets				
Cash equivalents				
Money market funds	\$ 155,808	\$ -	\$ -	\$ 155,808
Mutual funds				
Domestic bond	73,488	-	-	73,488
Intermediate-term bond	721,454	-	-	721,454
Diversified emerging markets equity	277,172	-	-	277,172
Foreign equity	394,895	-	-	394,895
Large-cap equity	1,641,715	-	-	1,641,715
Mid-cap equity	93,018	-	-	93,018
Short-term bond	99,277	-	-	99,277
Small-cap equity	81,263	-	-	81,263
Long-short equity	35,865	-	-	35,865
World allocation	134,836	-	-	134,836
Multistrategy	13,263	-	-	13,263
Commodities	88,095	-	-	88,095
Preferred stock	25,629	-	-	25,629
Convertibles	27,750	-	-	27,750
Systematic Trend	61,597	-	-	61,597
Relative Value Arbitrage	29,857	-	-	29,857
Total endowment fund assets	3,954,982	-	-	3,954,982
Total assets at fair value	\$ 7,120,432	\$ 344,780	\$ -	\$ 7,465,212

4. UNCONDITIONAL PROMISES TO GIVE

The Foundation has received unconditional promises to give as part of their annual membership programs and certain grants. As of June 30, 2023 and 2022, the Foundation has gross unconditional promises to give outstanding of \$176,407 and \$171,127, respectively, on which an allowance of \$6,500 for fiscal 2023 and 2022 has been established for uncollectible promises. All unconditional promises to give are expected to be collected within the next year. Unconditional promises that are restricted by donors are shown as net assets with donor restrictions.

THE PUBLIC BROADCASTING FOUNDATION OF NORTHWEST OHIO

Notes to Financial Statements

5. PROPERTY AND EQUIPMENT

Net property and equipment consists of the following at June 30:

	2023	2022
Property and equipment		
Land	\$ 342,796	\$ 342,796
Leasehold improvements	15,607	15,607
Buildings	6,151,339	6,037,778
Back-up generator equipment	229,097	229,097
Transmitter equipment	2,176,328	1,934,053
Production equipment	2,449,877	2,384,070
Radio broadcast equipment	1,209,502	1,156,506
Satellite equipment	210,679	210,679
VCR dub center equipment	57,785	57,785
Test and measurement equipment	24,650	24,650
Office equipment	1,073,398	1,065,996
Automobiles	117,183	117,183
Construction in progress	236,932	-
	<hr/>	<hr/>
Total property and equipment	14,295,173	13,576,200
Less allowance for depreciation	10,150,960	9,850,507
	<hr/>	<hr/>
Net property and equipment	<u>\$ 4,144,213</u>	<u>\$ 3,725,693</u>

Construction in progress includes costs incurred for various replacements and upgrades of equipment. The total cost of these projects is expected to approximate \$532,000, and the projects are expected to be completed in fiscal 2024. \$266,000 of the project is expected to be funded through a capital matching grant.

6. LEASE COMMITMENTS

The following table summarizes the composition of net lease cost during the year ended June 30, 2023:

Operating lease cost	<u>\$ 25,366</u>
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Lease costs are included in rent and computer services and supplies on the statement of functional expenses.

THE PUBLIC BROADCASTING FOUNDATION OF NORTHWEST OHIO

Notes to Financial Statements

In accordance with lease accounting guidance in effect prior to its adoption of ASU 2016-02, the Foundation recognized operating rent expense of approximately \$25,940 in 2022. Such amounts do not include expense recognized related to non-lease components.

The following table summarizes other information related to the Foundation's leases during the year ended June 30, 2023:

Cash paid for amounts included in the measurement of lease obligations	
Operating cash flows from operating leases	\$ 25,329
Weighted-average remaining lease term - operating leases	
	3.14
Weighted-average discount rate - operating leases	
	2.87%

The following table presents a maturity analysis summary of the Foundation's lease obligations recorded on the consolidated statement of financial position as of June 30, 2023:

Year	Operating Leases
2024	\$ 25,553
2025	22,753
2026	17,367
2027	<u>8,850</u>
Total lease payments	74,523
Less present value discount	<u>3,165</u>
Total lease obligations	71,358
Less current portion	<u>24,570</u>
Long-term lease obligations	<u><u>\$ 46,788</u></u>

7. RETIREMENT PLAN

The Foundation sponsors a defined contribution retirement plan (the "Plan") covering substantially all employees. The Foundation matches 100% of employee contributions, up to a maximum of 4% of a participating employee's salary. Total contributions to the Plan cannot exceed the excess of operating revenues over expenses after capital additions of the previous fiscal year. Employer contributions to the plan were \$40,639 and \$43,152 in fiscal 2023 and 2022, respectively.

THE PUBLIC BROADCASTING FOUNDATION OF NORTHWEST OHIO

Notes to Financial Statements

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at June 30:

	2023	2022
Subject to expenditure for specified purpose		
Capital grants and gifts	\$ 274,786	\$ 391,766
Programming and services	-	287,000
Other grants and gifts	351,864	372,397
	<u>351,864</u>	<u>372,397</u>
Total net assets with donor restrictions	<u>\$ 626,650</u>	<u>\$ 1,051,163</u>

9. ENDOWMENTS

Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation's endowment fund is intended to grow through earnings and contributions to a level which will partially support the Foundation's operations through portfolio earnings of this fund. Currently, the Foundation's spending policy is to preserve long-term endowment and spending power entirely within this fund. The Foundation's Board of Directors is not prohibited from authorizing the spending of principal should emergency needs arise.

The endowment consists of funds without donor restrictions designated by the Board of Directors to function as endowments. The Foundation's endowment consists of approximately 16 individual funds established for a variety of purposes. Portfolio assets are allocated and balanced between fixed income and equity in proportions consistent with the long-term direction of the fund as determined by the Budget Committee of the Foundation. The overall investment objective for the portfolio will be weighted towards equity oriented long-term appreciation of capital. In regards to risk, it is contemplated that the funds will evidence a distinct bias towards preservation of capital in devising investment strategies and policies through the diversification of asset classes.

	Without Donor Restrictions	
	2023	2022
Endowment Net Assets Composition by Type of Fund as of June 30		
Board-designated endowment funds	<u>\$ 4,401,944</u>	<u>\$ 4,017,212</u>

THE PUBLIC BROADCASTING FOUNDATION OF NORTHWEST OHIO

Notes to Financial Statements

	Without Donor Restrictions	
	2023	2022
Changes in Endowment Net Assets for the Fiscal Years Ended June 30		
Endowment net assets, beginning of year	\$ 4,017,212	\$ 4,588,389
Net investment income (loss)	379,517	(582,773)
Contributions	5,215	11,596
Endowment net assets, end of year	\$ 4,401,944	\$ 4,017,212

10. FUNDS HELD AS FISCAL AGENT

During 2015, the Foundation was designated as a fiscal agent for an Emergency Alert and Communications grant between the Corporation for Public Broadcasting ("CPB") and the Broadcast Educational Media Commission ("BEMC"). Under the agreement, the Foundation receives funds from CPB which is held for future payment to BEMC. These funds totaling \$12,000 as of June 30, 2023 and 2022, have been recorded in restricted cash and funds held as fiscal agent.



**SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

November 7, 2023

Board of Directors
The Public Broadcasting Foundation of
Northwest Ohio
Toledo, Ohio

We have audited the financial statements of *The Public Broadcasting Foundation of Northwest Ohio* (the "Foundation") as of and for the years ended June 30, 2023 and 2022, and have issued our report thereon dated November 7, 2023 which expressed an unmodified opinion on those financial statements. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The fiscal 2023 combining statement of activities by CPB licensee, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the fiscal 2023 basic 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 fiscal 2023 financial statements. The information has been subjected to the auditing procedures applied in the audit of the fiscal 2023 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the fiscal 2023 financial statements or to the fiscal 2023 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the fiscal 2023 financial statements as a whole.

Rehmann Lobson LLC



THE PUBLIC BROADCASTING FOUNDATION OF NORTHWEST OHIO

Combining Statement of Activities by CPB Licensee

Year Ended June 30, 2023

	TV	FM	Total
Revenue, support and gains			
Memberships - TV and FM	\$ 900,675	\$ 559,795	\$ 1,460,470
Broadcast Educational Media Commission	184,856	61,840	246,696
Broadcast Educational Media Commission in-kind	415,551	101,579	517,130
Corporation for Public Broadcasting ("CPB")	924,839	107,399	1,032,238
Underwriting	76,309	112,671	188,980
State Department of Education	137,863	-	137,863
State Department of Human Services	82,618	-	82,618
Special events	49,817	28,022	77,839
Projects and production services	164,346	82,455	246,801
School contracts	242,471	-	242,471
Contributions	493,023	277,325	770,348
Net investment return	415,352	233,636	648,988
Other	53,201	135,066	188,267
Total revenue, support and gains	4,140,921	1,699,788	5,840,709
Expenses			
Program services			
TV programming	923,422	-	923,422
TV production	651,640	-	651,640
TV and FM engineering	370,483	208,396	578,879
FM programming and production	-	851,195	851,195
TV educative services	293,721	-	293,721
Public information	172,780	97,188	269,968
Total program services	2,412,046	1,156,779	3,568,825
Supporting services			
Development	246,893	138,878	385,771
General and administrative	754,040	424,147	1,178,187
Total supporting services	1,000,933	563,025	1,563,958
Total expenses	3,412,979	1,719,804	5,132,783
Changes in net assets	\$ 727,942	\$ (20,016)	\$ 707,926

See independent auditors' report on supplementary information.