

**NORTHERN CALIFORNIA  
EDUCATIONAL TELEVISION  
ASSOCIATION, INC.**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT**

**YEARS ENDED  
JUNE 30, 2021 AND 2020**



## INDEPENDENT AUDITOR'S REPORT

**Board of Directors  
Northern California Educational Television Association, Inc.  
Redding, California**

We have audited the accompanying financial statements of the Northern California Educational Television Association, Inc. (Station), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors  
Northern California Educational Television Association, Inc.  
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**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Northern California Educational Television Association, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



**GILBERT CPAs**  
Sacramento, California

November 1, 2021

**NORTHERN CALIFORNIA EDUCATIONAL TELEVISION  
ASSOCIATION, INC.**

**STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 853,185	\$ 346,656
Accounts receivable	16,164	16,626
Other assets	<u>6,450</u>	<u>7,676</u>
Total current assets	875,799	370,958
<b>PROPERTY AND EQUIPMENT, Net</b>	948,952	951,696
<b>OTHER ASSETS</b>	24,175	21,934
<b>LEASEHOLD INTEREST IN PROPERTIES</b>	<u>188,689</u>	<u>221,650</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,037,615</u>	<u>\$ 1,566,238</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 8,456	\$ 14,173
Accrued expenses and other liabilities	72,539	60,731
Deferred revenue	19,881	24,113
Paycheck Protection Program Loan, current portion	-	86,361
Note payable, current	<u>6,284</u>	<u>5,974</u>
Total current liabilities	107,160	191,352
<b>PAYCHECK PROTECTION PROGRAM LOAN</b>	-	107,939
<b>NOTE PAYABLE, Net</b>	<u>225,615</u>	<u>228,474</u>
<b>TOTAL LIABILITIES</b>	<u>332,775</u>	<u>527,765</u>
<b>NET ASSETS:</b>		
Without donor restrictions:		
Undesignated (deficit)	515,929	(134,873)
Investment in property and equipment	<u>948,952</u>	<u>951,696</u>
Total without donor restrictions	1,464,881	816,823
With donor restrictions	<u>239,959</u>	<u>221,650</u>
Total net assets	<u>1,704,840</u>	<u>1,038,473</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 2,037,615</u>	<u>\$ 1,566,238</u>

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

**NORTHERN CALIFORNIA EDUCATIONAL TELEVISION  
ASSOCIATION, INC.**

**STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS:</b>		
<b>REVENUES:</b>		
Community service grants	\$ 898,487	\$ 1,022,167
Contributions	723,019	433,593
Membership contributions	297,896	289,656
Underwriting contributions	140,622	153,756
Other grants	120,981	12,539
Special events	66,331	81,996
Contract services	35,273	51,443
Other revenues	21,271	4,414
Net assets released from restriction	32,961	37,919
Total revenues	<u>2,336,841</u>	<u>2,087,483</u>
<b>EXPENSES:</b>		
Program services:		
Programming and production	591,124	594,925
Broadcasting and engineering	475,988	459,042
Total program services	1,067,112	1,053,967
Supporting services:		
Fundraising, underwriting and membership	503,718	552,484
Management and general	312,253	331,534
Total expenses	<u>1,883,083</u>	<u>1,937,985</u>
<b>INCOME FROM OPERATIONS</b>	453,758	149,498
Gain on forgiveness of Paycheck Protection Program loan	194,300	-
<b>INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>648,058</u>	<u>149,498</u>
<b>NET ASSETS WITH DONOR RESTRICTIONS:</b>		
Contributions	51,270	-
Net assets released from restriction	(32,961)	(37,919)
<b>INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<u>18,309</u>	<u>(37,919)</u>
<b>INCREASE IN NET ASSETS</b>	666,367	111,579
<b>NET ASSETS, Beginning of Year</b>	<u>1,038,473</u>	<u>926,894</u>
<b>NET ASSETS, End of Year</b>	<u>\$ 1,704,840</u>	<u>\$ 1,038,473</u>

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

**NORTHERN CALIFORNIA EDUCATIONAL TELEVISION  
ASSOCIATION, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2021**

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Programming and production</u>	<u>Broadcasting and engineering</u>	<u>Fundraising, underwriting and membership</u>	<u>Management and general</u>	
Personnel	\$ 163,672	\$ 165,211	\$ 204,093	\$ 231,781	\$ 764,757
Program acquisition	323,099	93,698	-	-	416,797
Donated services, materials and facilities	-	19,804	213,987	19,470	253,261
Depreciation	50,474	30,284	10,095	10,094	100,947
Utilities	18,829	46,722	3,766	3,766	73,083
Rent and leases	-	35,336	-	-	35,336
Insurance	17,475	10,485	3,495	3,495	34,950
Professional fees	-	600	7,084	26,292	33,976
Amortization of leasehold interest in properties	-	32,961	-	-	32,961
Premiums	-	-	18,844	-	18,844
Computer expense	-	10,935	2,395	2,689	16,019
Bank charges	-	-	14,199	1,493	15,692
Telephone	3,049	10,231	610	609	14,499
Interest expense	7,106	4,264	1,421	1,421	14,212
Repairs and maintenance	-	8,304	-	-	8,304
Travel and conferences	31	4,617	1,224	2,198	8,070
Postage and freight	-	1,602	6,349	-	7,951
Printing and supplies	346	129	4,736	2,472	7,683
Other expenses	7,043	805	11,420	6,473	25,741
<b>Total</b>	<b>\$ 591,124</b>	<b>\$ 475,988</b>	<b>\$ 503,718</b>	<b>\$ 312,253</b>	<b>\$ 1,883,083</b>

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

**NORTHERN CALIFORNIA EDUCATIONAL TELEVISION  
ASSOCIATION, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2020**

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Programming and production</u>	<u>Broadcasting and engineering</u>	<u>Fundraising, underwriting and membership</u>	<u>Management and general</u>	
Personnel	\$ 148,816	\$ 162,443	\$ 233,332	\$ 224,045	\$ 768,636
Program acquisition	342,807	93,698	-	-	436,505
Donated services, materials and facilities	-	65	227,272	46,169	273,506
Depreciation	48,331	28,998	9,666	9,664	96,659
Utilities	22,800	54,554	4,560	4,560	86,474
Rent and leases	-	33,209	-	-	33,209
Insurance	16,008	9,605	3,202	3,201	32,016
Professional fees	-	6,548	6,536	27,193	40,277
Amortization of leasehold interest in properties	-	31,919	-	-	31,919
Premiums	-	-	28,369	-	28,369
Computer expense	349	11,397	-	3,808	15,554
Bank charges	-	-	14,043	781	14,824
Telephone	3,349	5,851	670	670	10,540
Interest expense	7,501	4,500	1,500	1,500	15,001
Repairs and maintenance	-	10,029	494	-	10,523
Travel and conferences	470	3,810	1,524	3,182	8,986
Postage and freight	-	1,715	7,693	-	9,408
Printing and supplies	3,404	41	5,724	1,306	10,475
Other expenses	1,090	660	7,899	5,455	15,104
<b>Total</b>	<u>\$ 594,925</u>	<u>\$ 459,042</u>	<u>\$ 552,484</u>	<u>\$ 331,534</u>	<u>\$ 1,937,985</u>

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

**NORTHERN CALIFORNIA EDUCATIONAL TELEVISION  
ASSOCIATION, INC.**

**STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in net assets	\$ 666,367	\$ 111,579
Reconciliation to net cash provided by operating activities:		
Amortization of leasehold interest in properties	32,961	31,919
Depreciation	100,947	96,659
Gain on forgiveness of Paycheck Protection Program loan	(194,300)	-
Receipt of donated property and equipment	(28,897)	(119,873)
Changes in:		
Accounts receivable	462	(8,458)
Other assets	(1,015)	(6,604)
Accounts payable	(5,717)	(26,751)
Accrued expenses and other liabilities	11,808	354
Deferred revenue	(4,232)	11,722
Net cash provided by operating activities	578,384	90,547
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(69,306)	(9,902)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from Paycheck Protection Program loan	-	194,300
Payments on note payable	(2,549)	(4,698)
Net cash provided (used) by financing activities	(2,549)	189,602
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	506,529	270,247
<b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>	346,656	76,409
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	\$ 853,185	\$ 346,656
<b>OTHER CASH FLOW INFORMATION:</b>		
Cash paid for interest	\$ 14,212	\$ 15,001



# NORTHERN CALIFORNIA EDUCATIONAL TELEVISION ASSOCIATION, INC.

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

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### 1. ORGANIZATION AND PROGRAMS

Northern California Educational Television Association, Inc., (Station) is a nonprofit corporation which was incorporated in 1964 under the laws of the State of California. Its purpose is to provide educational television programming to the Northern California area. Following is a description of the Station's primary programs:

- **Programming and production** consists of the selection of programs to be aired by the Station and the production of video by the Station to be aired locally, nationally on other Public Broadcasting Service (PBS) stations, and internationally.
- **Broadcasting and engineering** is related to the transmission of the Station's content to viewers through various media, including over-the-air broadcasting, cable, satellite, and the Internet.

### 2. SIGNIFICANT ACCOUNTING POLICIES

**Basis of accounting and financial statement presentation** – The financial statements are prepared on the accrual basis of accounting and in conformity with professional standards applicable to not-for-profit entities. The Station reports information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

**Revenue recognition** – Contributions, including grants from corporations and private organizations, are recognized in full when received or unconditionally promised, in accordance with professional standards. Membership fees are considered contributions and are recognized when received by the Station. Conditional promises to give, which depend on the occurrence of specified future and uncertain events, are not recorded until the conditions are met. Underwriting contributions relate to station sponsorships where the donor is recognized adjacent to programming on the Station. These revenues are recorded as conditional contributions, with revenue recognized over the life of the underwriting contract as conditions are met. Approximate outstanding conditional promises to give for the purposes of underwriting on television programs were \$11,737 and \$32,233 at June 30, 2021 and 2020, respectively, and will be recognized as revenue as the conditions are met.

Donations of materials, equipment, and professional services are recorded as in-kind donations and recognized at the estimated fair value as of the date of donation or service. Contributed services that do not meet the criteria for recognition are not reflected in the financial statements.

All contributions are considered available for unrestricted use unless specifically restricted by donors for future periods or specific purposes. Donor-restricted amounts are reported as increases in net assets with donor restrictions. Net assets with donor restrictions become unrestricted and are reported in the statements of activities as net assets released from restrictions when the time restrictions expire or the contributions are used for the restricted purpose. All restricted contributions whose restrictions and conditions are met in the same reporting period are recognized as revenue within net assets without donor restrictions.

**Cash and cash equivalents** – For financial statement purposes, the Station considers all investments with an initial maturity of three months or less to be cash equivalents, unless held for long-term purposes.

NORTHERN CALIFORNIA EDUCATIONAL TELEVISION  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

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The Station minimizes credit risk associated with cash by periodically evaluating the credit quality of its primary financial institution. The balance at times may exceed federally insured limits. The Station's deposits held with financial institutions in excess of federal depository insurance limits were \$619,450 and \$110,179 at June 30, 2021 and 2020, respectively. The Station has not experienced any losses in such accounts and management believes the Station is not exposed to any significant credit risk related to cash.

**Property and equipment** is stated at cost or, if donated, at the estimated fair market value at the date of donation. The Station capitalizes all expenditures for property and equipment in excess of \$500. Depreciation is computed using the straight-line method over estimated useful lives of individual assets ranging from three to forty years.

Equipment purchased with grant funds from the National Telecommunications and Information Administration may revert to that agency if the Station wishes to dispose of the equipment within ten years from the date of the grant. Such equipment is capitalized and included in property and equipment. Digital equipment was also purchased with funds from the United States Rural Utilities Service grant. The equipment is to revert to that agency if the Station decides to dispose of the equipment within ten years from the date of the grant, which varies for each piece of equipment depending upon when the grant was funded to purchase the equipment.

**Functional allocation of expenses** – The costs 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 program and supporting services benefited. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated based on estimated usage include telephone services, insurance, interest expense, utilities, and depreciation expense. Certain personnel costs are allocated based on estimated time and effort. All other costs are allocated based on direct usage.

**Income taxes** – The Station is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code but is subject to income taxes from activities unrelated to its tax-exempt purpose.

**Use of estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Leasehold interest in properties** – The Station receives contributed use of property as part of two multi-year agreements. These contributions are considered an unconditional promise to give and are reported as temporarily restricted contributions and as leasehold interest in properties at the fair value of the contributed use of the properties in the period it is contributed. The leasehold interest is amortized and the restrictions are considered satisfied evenly over the term of the agreements.

**Future accounting pronouncement** - In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The new accounting standard requires lessees to recognize a lease liability measured on a discounted basis and a right-of-use asset for all leases with terms longer than 12 months. Application of this statement is effective for the year ending June 30, 2023. The Station is currently evaluating the impact this pronouncement will have on the financial statements.

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**NOTES TO FINANCIAL STATEMENTS  
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**Subsequent events** have been reviewed through November 1, 2021, the date the financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2021, that require recognition or disclosure in the financial statements.

**3. LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Station's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 853,185	\$ 346,656
Accounts receivable	16,164	16,626
Total financial assets	869,349	363,282
Less amounts unavailable for general expenditures within one year, due to purpose restriction by donor:	(51,270)	-
Total financial assets available for general expenditure within one year	\$ 818,079	\$ 363,282

The Station's working capital and cash flows have seasonal variations during the year attributable to the annual cash receipts for subscriptions and a concentration of contributions received during the first six months of the fiscal year. To manage liquidity, the Station maintains a line of credit of \$175,000. Refer to Note 7.

The management team has identified the need for a reserve for unbudgeted equipment purchases and has approved a policy to accomplish this purpose, which includes the establishment of a separate cash account to apply excess funds when possible. The policy allows for management and the board to utilize the funds as needed with board approval.

**4. RECEIVABLES**

Receivable are due to be received within one year and include the following at June 30:

	<b>2021</b>	<b>2020</b>
Underwriting receivable	\$ 15,091	\$ 13,826
Grant receivable	1,000	-
Contract services receivable	73	1,300
Planned giving receivable	-	1,500
Total	\$ 16,164	\$ 16,626

**NORTHERN CALIFORNIA EDUCATIONAL TELEVISION  
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**NOTES TO FINANCIAL STATEMENTS  
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**5. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Land	\$ 245,000	\$ 245,000
Building	623,876	614,876
Studio and broadcast equipment	3,773,560	3,797,959
Office furniture and equipment	206,995	204,503
Vehicles and related equipment	44,606	42,943
Construction in progress	<u>88,417</u>	<u>88,417</u>
Total	4,982,454	4,993,698
Less accumulated depreciation and amortization	<u>(4,033,502)</u>	<u>(4,042,002)</u>
Total	<u>\$ 948,952</u>	<u>\$ 951,696</u>

**6. NET ASSETS WITH DONOR RESTRICTIONS**

Temporarily restricted net assets as of June 30 are restricted as follows:

	<u>2021</u>	<u>2020</u>
Leasehold interest in properties	\$ 188,689	\$ 221,650
New equipment purchase	49,770	-
Mr. Rogers Day	<u>1,500</u>	<u>-</u>
Total	<u>\$ 239,959</u>	<u>\$ 221,650</u>

Effective April 1, 2017, the Station entered into an agreement with California Broadcasting, Inc. which provides for contributed use of facilities for the Station's operations on Shasta Bally Mountain. The agreement with California Broadcasting, Inc. expires March 31, 2027. Effective March 1, 2018, the Station entered into an agreement with two individuals which provides for contributed use of facilities for the Station's operations on Tulelake Mountain. The agreement expires February 28, 2023. The leasehold interest in properties represents the fair value of the future use of contributed properties by the Station.

**7. NOTE PAYABLE AND LINE OF CREDIT**

The Station has a \$175,000 line of credit through a financial institution. The line calls for an interest rate of 4% and a term through June 15, 2023. There was no balance on this line of credit as of June 30, 2021 and 2020.

The Station's note payable is secured by real property and is payable in monthly installments of \$1,474, maturing in May 2042. The first 60 months of the term bear an interest rate of 5% and the remaining months of the term are subject to an interest rate based on the Weekly Average Yield on

NORTHERN CALIFORNIA EDUCATIONAL TELEVISION  
ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS  
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United States Treasury Securities plus 3%. The Station's debt arrangement with Cornerstone Bank contains financial covenants, including the maintenance of a debt service coverage ratio and other various financial ratios. The Station was in compliance with these covenants at June 30, 2021.

Future principal payments are as follows:

<u>Year ending June 30:</u>	
2022	\$ 6,284
2023	6,610
2024	6,953
2025	7,314
2026	7,694
Thereafter	<u>197,044</u>
Total	<u>\$ 231,899</u>

**8. PAYCHECK PROTECTION PROGRAM LOAN**

On April 9, 2020, the Station received a Paycheck Protection Program (PPP) loan under the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act totaling \$194,300. Under the CARES Act, a portion or all of the loan and accrued interest may be forgiven provided the funds are spent on qualifying expenditures and certain other criteria regarding full-time equivalent employee and payroll levels are maintained. The PPP requires the portion of the loan that does not qualify for forgiveness or that is retained as a loan, to be repaid within 5 years at 1% interest.

The Station received notification that its application for loan forgiveness was approved on December 31, 2020, and the loan amount was therefore recognized as income in the year ended June 30, 2021.

**9. OPERATING LEASES**

The Station leases equipment and use of property under various non-cancelable agreements expiring through December 2025. Rental expense under lease agreements totaled \$35,336 and \$33,209 in 2021 and 2020, respectively.

Minimum future lease payments under non-cancelable agreements are as follows:

<u>Year ending June 30:</u>	
2022	\$ 4,159
2023	4,209
2024	4,193
2025	4,310
2026	<u>2,184</u>
Total	<u>\$ 19,053</u>

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**NOTES TO FINANCIAL STATEMENTS  
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**10. DONATED SERVICES, MATERIALS, AND FACILITIES**

The Station received the following donated services, materials, and facilities:

	<b>2021</b>	<b>2020</b>
Equipment and supplies	\$ 262,498	\$ 328,103
Professional services	19,470	33,052
Tower facilities	190	65
Total	\$ 282,158	\$ 361,220

**11. RENTAL INCOME**

The Station has a non-cancelable agreement with a communications company to provide capacity on certain channels expiring in 2040. Rental income totaled \$12,091 in 2021 and 2020. Minimum future lease payments to be received under this agreement are as follows:

**Year ending June 30:**

2022	\$ 10,191
2023	10,496
2024	10,811
2025	11,136
2026	11,470
Thereafter	188,748
Total	\$ 242,852

**12. COMMUNITY SERVICE GRANT**

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

According to the Communications Act, funds may be used at the discretion of recipients. The Station uses these funds for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain activities begun with CSGs awarded in prior years.

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**NOTES TO FINANCIAL STATEMENTS  
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The grants are reported on the accompanying financial statements as unrestricted operating revenue; however, certain guidelines must be satisfied in connection with 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, financial reporting, and licensee status with the Federal Communications Commission.

For the years ended June 30, 2021 and 2020, the CSGs represent 35% and 50%, respectively, of the Station's revenues.

**13. RETIREMENT PLAN**

The Station has a defined contribution plan. All employees who desire to participate are eligible to contribute. The Station employees can contribute up to the maximum amount allowed under Internal Revenue Code Section 403(b). The Station does not offer matching to employee contributions.

**14. INCOME TAXES**

While the Station is exempt from federal and state taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code, respectively, net income generated by unrelated business activities is taxable as unrelated business income.

For the years ended June 30, 2021 and 2020, net income as calculated for income tax purposes was not sufficient to yield any income tax expense. A carryover net operating loss from prior years is available for application against federal taxable income which might be incurred in the future.

At June 30, 2021, the available net operating loss carryovers are as follows:

<b>Originating Tax Year:</b>	<b><u>Expiration</u></b>	<b><u>Net Operating Loss</u></b>
2000 (for year ending 6/30/01)	6/30/21	\$ 16,171
2001 (for year ending 6/30/02)	6/30/22	20,579
2002 (for year ending 6/30/03)	6/30/23	16,878
2009 (for year ending 6/30/10)	6/30/30	673
2010 (for year ending 6/30/11)	6/30/31	499
2013 (for year ending 6/30/14)	6/30/34	<u>199</u>
Total		<u>\$ 54,999</u>

**15. RISKS AND UNCERTAINTIES**

As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact operating results of the Station. Additionally, certain events have been postponed or cancelled due to governmental restrictions on large gatherings. The potential financial impact of these changes is unknown at this time.