South Florida PBS, Inc. and Affiliates

Consolidated Financial Statements
and Additional Information
For the Years Ended June 30, 2020 and 2019
**South Florida PBS, Inc. and Affiliates**

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INDEPENDENT AUDITOR’S REPORT

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

We have audited the accompanying consolidated financial statements of South Florida PBS, Inc. and Affiliates (the “Organization”), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of South Florida PBS, Inc. and Affiliates as of June 30, 2020 and 2019, 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.

Emphasis of Matter

As discussed in Note 22 to the financial statements, management of the Organization has addressed their action plan regarding the Organization’s operating deficits. Our opinion is not modified with respect to that matter.

Report on Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 15, 2020, on our consideration of the Organization’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contacts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization’s internal control over financial reporting and compliance.

Keefe McCullough

KEEFE McCULLOUGH

Fort Lauderdale, Florida
October 15, 2020
FINANCIAL STATEMENTS
South Florida PBS, Inc. and Affiliates  
Consolidated Statements of Financial Position  
June 30, 2020 and 2019

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$1,709,414</td>
<td>$2,765,123</td>
</tr>
<tr>
<td>Receivables, net of allowance for doubtful accounts of approximately $16,900</td>
<td>402,918</td>
<td>2,029,533</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>278,512</td>
<td>968,852</td>
</tr>
<tr>
<td>Program broadcast rights, net of amortization</td>
<td>963,889</td>
<td>967,930</td>
</tr>
<tr>
<td>Total current assets</td>
<td>3,354,733</td>
<td>6,731,438</td>
</tr>
<tr>
<td>Other assets</td>
<td>63,084</td>
<td>70,156</td>
</tr>
<tr>
<td>Investments</td>
<td>12,977,650</td>
<td>12,428,818</td>
</tr>
<tr>
<td>Total assets</td>
<td>$27,135,881</td>
<td>$29,631,983</td>
</tr>
</tbody>
</table>

| Liabilities:         |               |               |
| Current liabilities: |               |               |
| Accounts payable     | $617,609      | $772,719      |
| Accrued expenses     | 526,065       | 585,508       |
| Pension liability    | 601,708       | 487,612       |
| Refundable program advances | 355,000  | 1,735,184    |
| Present value of annuity obligations | 170,913 | 180,913      |
| Line of credit       | 5,992,202     | 4,777,601     |
| Note payable         | 147,995       | 139,618       |
| Capital lease payable| 113,729       | 173,815       |
| Total current liabilities | 8,525,221 | 8,852,970    |
| Deferred compensation payable | - | 11,901 |
| Deferred revenue     | 434,254       | 461,300       |
| Present value of annuity obligations | 1,831,884 | 1,921,111 |
| Pension liability, due beyond one year | 5,793,266 | 4,527,630  |
| Note payable, due beyond one year | 385,413 | 533,408 |
| Capital lease payable, due beyond one year | 590,376 | 704,076 |
| Total liabilities    | 17,560,414    | 17,012,396    |

| Net Assets:          |               |               |
| Without donor restrictions: |             |               |
| Board designated      | 7,678,624     | 6,618,232     |
| Undesignated (deficit) | (6,398,022) | (1,866,749)   |
|                       | 1,280,602     | 4,751,483     |
| With donor restrictions: |             |               |
| Purpose and time restrictions | 694,497 | 802,812       |
| Perpetual in nature   | 7,600,368     | 7,065,292     |
|                       | 8,294,865     | 7,868,104     |
| Total net assets      | 9,575,467     | 12,619,587    |

| Total liabilities and net assets | $27,135,881 | $29,631,983 |

The accompanying notes to consolidated financial statements are an integral part of these statements.
South Florida PBS, Inc. and Affiliates  
Consolidated Statements of Activities  
For the Years Ended June 30, 2020 and 2019

<table>
<thead>
<tr>
<th>Change in Net Assets Without Donor Restrictions:</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues, gains (losses) and other support:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract productions</td>
<td>$482,975</td>
<td>$1,002,468</td>
</tr>
<tr>
<td>Contributions and bequests</td>
<td>11,612,880</td>
<td>12,272,909</td>
</tr>
<tr>
<td>Satisfaction of program restrictions</td>
<td>392,080</td>
<td>398,354</td>
</tr>
<tr>
<td>Corporation for Public Broadcasting:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community service and other grants</td>
<td>1,617,922</td>
<td>1,844,740</td>
</tr>
<tr>
<td>Small Business Administration grant:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paycheck Protection Program</td>
<td>950,000</td>
<td>-</td>
</tr>
<tr>
<td>State of Florida Department of Education:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community service grant</td>
<td>640,800</td>
<td>658,720</td>
</tr>
<tr>
<td>Division of Real Estate Management and Development grant</td>
<td>488,864</td>
<td>-</td>
</tr>
<tr>
<td>Federal Communications Commission grant</td>
<td>34,390</td>
<td>822,226</td>
</tr>
<tr>
<td>Program and production underwriting</td>
<td>3,028,774</td>
<td>1,691,645</td>
</tr>
<tr>
<td>Net investment income</td>
<td>801,856</td>
<td>491,582</td>
</tr>
<tr>
<td>Other</td>
<td>187,504</td>
<td>211,873</td>
</tr>
<tr>
<td>Total revenues, gains (losses) and other support</td>
<td>20,238,045</td>
<td>19,394,517</td>
</tr>
</tbody>
</table>

| Operating expenses:                            |        |        |
| Program services:                              |        |        |
| Programming and production                     | 11,456,694 | 10,938,605 |
| Broadcasting                                   | 3,345,730  | 3,504,707 |
| Total program services                         | 14,802,424 | 14,443,312 |
| Supporting services:                           |        |        |
| Development and marketing                      | 4,555,162  | 4,693,245 |
| General and administrative                     | 2,789,877  | 2,698,171 |
| Total supporting services                      | 7,345,039  | 7,391,416 |
| Total operating expenses                       | 22,147,463 | 21,834,728 |
| Change in net assets without donor restrictions| (1,909,418) | (2,440,211) |

| Change in Net Assets With Donor Restrictions:  |        |        |
| Contributions                                   | 535,076  | 290,000 |
| Net investment income                           | 245,454  | 161,000 |
| Change in present value of annuity obligations  | 38,311   | (140,086) |
| Net assets released from restrictions           | (392,080) | (398,354) |
| Change in net assets with donor restrictions    | 426,761   | (87,440) |
| Change in net assets before other items         | (1,482,657) | (2,527,651) |

| Other Items:                                    |        |        |
| Credit of expenses, Spectrum auction            | -      | 150,000 |
| Gain on sale of property and equipment, net     | -      | 3,064,233 |
| Total other items                               | -      | 3,214,233 |
| Change in net assets                            | (1,482,657) | 686,582 |

| Pension Liability Adjustment                    | (1,561,463) | (919,288) |

| Net Assets, beginning of year                   | $12,619,587 | $12,852,293 |
| Net Assets, end of year                         | $9,575,467  | $12,619,587 |

The accompanying notes to consolidated financial statements are an integral part of these statements.
South Florida PBS, Inc. and Affiliates  
Consolidated Statement of Functional Expenses  
For the Year Ended June 30, 2020

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Supporting Services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Programming Production</td>
<td>Broadcasting</td>
<td>Total Program Services</td>
</tr>
<tr>
<td>Salaries and wages</td>
<td>$ 2,650,258</td>
<td>$ 864,832</td>
<td>$ 3,515,090</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>301,571</td>
<td>112,168</td>
<td>413,739</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>178,391</td>
<td>62,518</td>
<td>240,909</td>
</tr>
<tr>
<td>In-Kind</td>
<td>459,168</td>
<td>106,485</td>
<td>565,653</td>
</tr>
<tr>
<td>Program acquisition</td>
<td>2,537,894</td>
<td>-</td>
<td>2,537,894</td>
</tr>
<tr>
<td>Other program/ production</td>
<td>48,952</td>
<td>10,042</td>
<td>58,994</td>
</tr>
<tr>
<td>Premiums</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Advertising and promotion</td>
<td>472,692</td>
<td>-</td>
<td>472,692</td>
</tr>
<tr>
<td>Office expense</td>
<td>43,398</td>
<td>22,815</td>
<td>66,213</td>
</tr>
<tr>
<td>Postage and shipping</td>
<td>4,125</td>
<td>2,366</td>
<td>6,491</td>
</tr>
<tr>
<td>Information technology</td>
<td>302,710</td>
<td>29,545</td>
<td>332,255</td>
</tr>
<tr>
<td>Occupancy</td>
<td>199,575</td>
<td>957,033</td>
<td>1,156,608</td>
</tr>
<tr>
<td>Transmission expense</td>
<td>-</td>
<td>271,852</td>
<td>271,852</td>
</tr>
<tr>
<td>Rental and equipment maintenance</td>
<td>18,765</td>
<td>154,362</td>
<td>173,127</td>
</tr>
<tr>
<td>Travel</td>
<td>133,902</td>
<td>5,686</td>
<td>139,588</td>
</tr>
<tr>
<td>Meetings and events</td>
<td>97,175</td>
<td>1,250</td>
<td>98,425</td>
</tr>
<tr>
<td>Insurance</td>
<td>83,985</td>
<td>26,863</td>
<td>110,848</td>
</tr>
<tr>
<td>Other</td>
<td>2,459</td>
<td>155</td>
<td>2,614</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total expenses before provision for depreciation and interest expense</td>
<td>$11,116,777</td>
<td>$2,726,145</td>
<td>$13,842,922</td>
</tr>
<tr>
<td>Provision for depreciation</td>
<td>167,625</td>
<td>566,879</td>
<td>734,504</td>
</tr>
<tr>
<td>Interest expense</td>
<td>172,292</td>
<td>52,706</td>
<td>224,998</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total expenses</td>
<td>$11,456,694</td>
<td>$3,345,730</td>
<td>$14,802,424</td>
</tr>
</tbody>
</table>

The accompanying notes to consolidated financial statements are an integral part of these statements.
South Florida PBS, Inc. and Affiliates
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2019

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Supporting Services</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Programming and Production</td>
<td>Broadcasting</td>
</tr>
<tr>
<td>Salaries and wages</td>
<td>$ 2,917,190</td>
<td>$ 924,318</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>335,351</td>
<td>125,288</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>198,530</td>
<td>66,894</td>
</tr>
<tr>
<td>Professional services</td>
<td>3,057,945</td>
<td>150,442</td>
</tr>
<tr>
<td>In-Kind</td>
<td>226,512</td>
<td>46,732</td>
</tr>
<tr>
<td>Program acquisition</td>
<td>2,372,060</td>
<td>-</td>
</tr>
<tr>
<td>Other program/production</td>
<td>309,998</td>
<td>24,493</td>
</tr>
<tr>
<td>Premiums</td>
<td>7,142</td>
<td>-</td>
</tr>
<tr>
<td>Advertising and promotion</td>
<td>192,544</td>
<td>-</td>
</tr>
<tr>
<td>Office expense</td>
<td>44,371</td>
<td>12,757</td>
</tr>
<tr>
<td>Postage and shipping</td>
<td>4,446</td>
<td>2,329</td>
</tr>
<tr>
<td>Information technology</td>
<td>214,737</td>
<td>11,600</td>
</tr>
<tr>
<td>Occupancy</td>
<td>120,599</td>
<td>959,404</td>
</tr>
<tr>
<td>Transmission expense</td>
<td>-</td>
<td>276,946</td>
</tr>
<tr>
<td>Rental and equipment maintenance</td>
<td>78,277</td>
<td>164,514</td>
</tr>
<tr>
<td>Travel</td>
<td>210,716</td>
<td>5,569</td>
</tr>
<tr>
<td>Meetings and events</td>
<td>92,838</td>
<td>-</td>
</tr>
<tr>
<td>Insurance</td>
<td>121,605</td>
<td>38,003</td>
</tr>
<tr>
<td>Other</td>
<td>17,979</td>
<td>-</td>
</tr>
<tr>
<td>Total expenses before provision for depreciation and interest expense</td>
<td>$ 10,522,840</td>
<td>$ 2,809,289</td>
</tr>
<tr>
<td>Provision for depreciation</td>
<td>147,457</td>
<td>614,520</td>
</tr>
<tr>
<td>Interest expense</td>
<td>268,308</td>
<td>80,898</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$ 10,938,605</td>
<td>$ 3,504,707</td>
</tr>
</tbody>
</table>

The accompanying notes to consolidated financial statements are an integral part of these statements.
The accompanying notes to consolidated financial statements are an integral part of these statements.
South Florida PBS, Inc. and Affiliates
Notes to Consolidated Financial Statements
June 30, 2020 and 2019

Note 1 - Organization and Operations

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

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

Note 2 - Summary of Significant Accounting Policies

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

The Foundation was created for the purpose of providing support to SFPBS and all of its eight members on the Board of Directors are members of SFPBS’s Board of Directors. The Foundation’s funding is obtained primarily through investment earnings. Comtel is a for-profit entity, which derives revenue primarily from the production of television material for commercial distribution. Comtel’s Board of Directors consists of six members, four of which are also members of SFPBS’s Board of Directors. Contract productions are the primary source of Comtel’s revenue.

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

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

- Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets as described in Note 7.

- Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity.
Note 2 - Summary of Significant Accounting Policies (continued)

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

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

Donations of property and equipment are reported as support without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Without donor stipulations regarding how long these donated assets must be maintained, SFPBS reports expirations of donor restrictions when the donated assets are placed in service, reclassifying net assets with donor restrictions to net assets without donor restrictions at that time. For the years ended June 30, 2020 and June 30, 2019 there were no such donations.

Investments: All investments in equity and debt securities are measured at fair value. Estimates of fair value are made based on quoted market prices of the related security. Investments consist of government, corporate and foreign bonds, certificates of deposits, and marketable equity securities. SFPBS, by policy, limits the amount of credit exposure to any one counter party.

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

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

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

Functional allocation of expenses: The costs of providing the various programs and supporting services activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses presents the natural classification detail of expenses by function. Program and supporting services are charged with their direct expenses. Certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses allocated include personnel and occupancy costs, among other expenses; which are allocated on the basis of estimates of time and effort, square footage basis, as well as other methods as determined by management.
Note 2 - Summary of Significant Accounting Policies (continued)

Contributions: Unconditional contributions, including unconditional promises to give are reported as increases in either net assets with donor restrictions or net assets without donor restrictions. Other contributions are reported as increases in the appropriate category of net assets, except for those contributions subject to restrictions that are met in the same fiscal year they are received, which are included in revenues without donor restrictions. Expenses are reported as decreases in net assets without donor restrictions. Both realized and unrealized gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of restrictions that simultaneously increase one class of net assets and decrease another are reported as reclassifications between the applicable classes of net assets as net assets released from restrictions and satisfaction of program restrictions in the consolidated statements of activities. Conditional promises to give are recognized when the conditions on which they depend are substantially met. SFPBS had no conditional promises to give as of June 30, 2020 or June 30, 2019.

Contribution revenue related to the fair value of interests in an estate is recognized when SFPBS is notified by the probate court that the related will is valid, unless the amounts and timing of the distributions from the estate are uncertain, in which case the related revenue is recorded upon receipt. Contributions of assets other than cash are recorded at their estimated fair value at the date of gift. Contributions under split interest agreements are recorded at the fair value of the future interest, taking into account the present value of any related payments to be made to other beneficiaries. Present value computations are made using published mortality tables and a discount rate commensurate with the risk involved. Changes in the present value of annuity obligations are recognized in the consolidated statements of activities and classified by appropriate net asset class to reflect the accretion of interest and changes in mortality assumptions.

In-kind contributions: In-kind contributions are recorded as revenue and expense in the accompanying consolidated statements of activities. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals processing those skills, and would typically need to be purchased if not provided by donation. During the years ended June 30, 2020 and June 30, 2019, SFPBS recorded approximately $196,000 and $184,000 of contributed services, respectively.

Barter agreements: SFPBS enters into certain barter arrangements whereby SFPBS receives marketing and advertising services in exchange for on-air credits and acknowledgments. Barter revenue is recognized when the on-air credits and acknowledgments are broadcasted, and barter costs when the services are received or used. The amount of barter revenues and expenses recognized during the years ended June 30, 2020 and June 30, 2019 equaled approximately $91,000 and $274,000, respectively.

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

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

Reclassifications: Certain amounts in the prior year financial statements have been reclassified in order to be comparable with the current year presentation.
Note 2 - Summary of Significant Accounting Policies (continued)

Date of management review: Subsequent events have been evaluated through October 15, 2020, which is the date the financial statements were available to be issued.

Note 3 - Liquidity and Availability

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

<table>
<thead>
<tr>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$1,709,414</td>
</tr>
<tr>
<td>Receivables, net</td>
<td>402,918</td>
</tr>
<tr>
<td>Investments</td>
<td>12,977,650</td>
</tr>
<tr>
<td>Endowment spending-rate distributions and appropriations</td>
<td>500,000</td>
</tr>
<tr>
<td><strong>Financial assets, at year-end</strong></td>
<td><strong>15,589,982</strong></td>
</tr>
</tbody>
</table>

Less those unavailable for general expenditures within one year, due to:

| Purpose and time restrictions by donor | (694,497) | (802,812) |
| Perpetual restrictions by donor       | (7,600,368) | (7,065,292) |
| Board designated                      | (7,678,624) | (6,618,232) |

Financial assets available to meet cash needs for general expenditures within one year  

<table>
<thead>
<tr>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ (383,507)</td>
<td>$3,237,138</td>
</tr>
</tbody>
</table>

Management has developed an action plan to address the Organization’s liquidity concerns (Note 22).

In the event of an unanticipated liquidity need, SFPBS could draw upon approximately $4,581,560 of available line of credit (Note 11).

The Organization’s endowment funds (Note 7) consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

Note 4 - Net Assets

Net assets without donor restrictions include Board-designated quasi-endowment funds, together with interest thereon, which, in accordance with the provisions of the endowment fund established by the Foundation for the support of SFPBS, are required to remain in the endowment investment fund except as follows:
Note 4 - Net Assets (continued)

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

The net assets without donor restrictions of the quasi-endowment amounted to $7,678,624 and $6,618,232 at June 30, 2020 and June 30, 2019, respectively, and are classified as Board designated in the accompanying consolidated statements of financial position. SFPBS elected not to withdraw from the quasi-endowment fund during the years ended June 30, 2020 and 2019.

Net assets with donor purpose and time restrictions reflect the Foundation’s interest in a charitable remainder trust, annuity agreements, and a fund established for specific programming. Under the terms of the trust and annuity agreements, the Foundation is required to pay the donor, or the donor’s designee, an annual return on the underlying assets during their lifetime. Upon the death of the donor or designee, such amounts will revert to the Foundation and will be reclassified from net assets with donor restrictions to net assets without donor restrictions. The Foundation used $446,016 and $631,435 for the purchase of the designated types of programs from the fund established for specific types of programming, for the years ended June 30, 2020 and 2019, respectively.

Investment returns on endowment funds which are required to be added to the related endowment by donor stipulations or by law are also classified as net assets with donor restrictions. Investment returns on endowment funds, which are not required to be added to the related endowment are classified as net assets without donor restrictions. Consistent with the terms of the endowment, SFPBS received $492,622 and $468,806 during the years ended June 30, 2020 and 2019, respectively, from the true endowment for specific programming purposes, and SFPBS also received $154,150 and $92,130 during the years ended June 30, 2020 and 2019, respectively, from the Vernon Julianne Trust.

Note 5 - Investments

Investments at June 30, 2020 and 2019 consist of the following:

<table>
<thead>
<tr>
<th>Investments</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment of endowment funds in equity funds</td>
<td>$4,865,127</td>
<td>$4,428,228</td>
</tr>
<tr>
<td>Investments of endowment funds in fixed income securities</td>
<td>3,331,354</td>
<td>1,374,790</td>
</tr>
<tr>
<td>Investments of endowment funds in mutual funds</td>
<td>1,581,436</td>
<td>3,152,715</td>
</tr>
<tr>
<td>Investments of gifts of future interest in equity funds</td>
<td>1,613,644</td>
<td>3,401,206</td>
</tr>
<tr>
<td>Investment of gifts of future interest in fixed income securities</td>
<td>1,007,154</td>
<td>71,879</td>
</tr>
<tr>
<td>Investment of gifts of future interest in mutual funds</td>
<td>578,935</td>
<td>-</td>
</tr>
<tr>
<td>Total investments</td>
<td>$12,977,650</td>
<td>$12,428,818</td>
</tr>
</tbody>
</table>
Note 6 - Fair Value Measurement

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

- **Level 1** inputs are quoted prices (unadjusted) in active markets for identical investments that the Foundation has the ability to access at the measurement date.

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

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

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

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

The following table represents the investments at June 30, 2020:

<table>
<thead>
<tr>
<th>Asset Class:</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities and equity funds</td>
<td>$ 6,478,771</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 6,478,771</td>
</tr>
<tr>
<td>Fixed income securities</td>
<td>-</td>
<td>4,338,508</td>
<td>-</td>
<td>4,338,508</td>
</tr>
<tr>
<td>Total</td>
<td>$ 8,639,142</td>
<td>$ 4,338,508</td>
<td>$ -</td>
<td>$ 12,977,650</td>
</tr>
</tbody>
</table>
Note 6 - Fair Value Measurement (continued)

The following table represents the investments at June 30, 2019:

<table>
<thead>
<tr>
<th>Asset Class:</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities and equity funds</td>
<td>$ 7,829,434</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 7,829,434</td>
</tr>
<tr>
<td>Fixed income securities</td>
<td>-</td>
<td>$ 1,446,669</td>
<td>-</td>
<td>$ 1,446,669</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>$ 3,152,715</td>
<td>-</td>
<td>-</td>
<td>$ 3,152,715</td>
</tr>
<tr>
<td>Total</td>
<td>$ 10,982,149</td>
<td>$ 1,446,669</td>
<td>$ -</td>
<td>$ 12,428,818</td>
</tr>
</tbody>
</table>

For the years ended June 30, 2020 and June 30, 2019, there were no transfers between Level 1, 2 and 3. The Foundation’s policy is to recognize transfers in and out as of the actual date of the event or change in circumstances that caused the transfer.

Note 7 - Endowments

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

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

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

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

Endowment net asset composition by type of fund as of June 30, 2020 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donor-restricted endowment funds</td>
<td>$7,678,624</td>
<td>$7,600,368</td>
<td>$15,278,992</td>
</tr>
<tr>
<td>Board-designated endowment funds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total funds</td>
<td>$7,678,624</td>
<td>$7,600,368</td>
<td>$15,278,992</td>
</tr>
</tbody>
</table>

Changes in endowment net assets for the fiscal year ended June 30, 2020 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment net assets, at beginning of year</td>
<td>$6,618,232</td>
<td>$7,065,292</td>
<td>$13,683,524</td>
</tr>
<tr>
<td>Net investment income</td>
<td>801,677</td>
<td>-</td>
<td>801,677</td>
</tr>
<tr>
<td>Contributions</td>
<td>1,316</td>
<td>535,076</td>
<td>536,392</td>
</tr>
<tr>
<td>Satisfaction of program restrictions</td>
<td>382,080</td>
<td>-</td>
<td>382,080</td>
</tr>
<tr>
<td>Appropriation of endowment assets for expenditure</td>
<td>(124,681)</td>
<td>-</td>
<td>(124,681)</td>
</tr>
<tr>
<td>Endowment net assets, at end of year</td>
<td>$7,678,624</td>
<td>$7,600,368</td>
<td>$15,278,992</td>
</tr>
</tbody>
</table>

Endowment net asset composition by type of fund as of June 30, 2019 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donor-restricted endowment funds</td>
<td>$6,618,232</td>
<td>$7,065,292</td>
<td>$13,683,524</td>
</tr>
<tr>
<td>Board-designated endowment funds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total funds</td>
<td>$6,618,232</td>
<td>$7,065,292</td>
<td>$13,683,524</td>
</tr>
</tbody>
</table>

Changes in endowment net assets for the fiscal year ended June 30, 2019 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment net assets, at beginning of year</td>
<td>$5,752,115</td>
<td>$6,775,292</td>
<td>$12,527,407</td>
</tr>
<tr>
<td>Net investment income</td>
<td>481,101</td>
<td>-</td>
<td>481,101</td>
</tr>
<tr>
<td>Contributions</td>
<td></td>
<td>290,000</td>
<td>290,000</td>
</tr>
<tr>
<td>Satisfaction of program restrictions</td>
<td>388,354</td>
<td>-</td>
<td>388,354</td>
</tr>
<tr>
<td>Appropriation of endowment assets for expenditure</td>
<td>(3,338)</td>
<td>-</td>
<td>(3,338)</td>
</tr>
<tr>
<td>Endowment net assets, at end of year</td>
<td>$6,618,232</td>
<td>$7,065,292</td>
<td>$13,683,524</td>
</tr>
</tbody>
</table>
Note 8 - Property and Equipment

Property and equipment consists of the following as of June 30, 2020 and 2019:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>Estimated Useful Lives in Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineering and production equipment</td>
<td>$14,262,769</td>
<td>$14,166,074</td>
<td>5-7</td>
</tr>
<tr>
<td>Computer, office furniture and equipment</td>
<td>1,215,392</td>
<td>1,115,424</td>
<td>3-5</td>
</tr>
<tr>
<td>Transmitter, tower and antenna</td>
<td>4,117,774</td>
<td>4,123,074</td>
<td>15</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>3,241,445</td>
<td>2,269,127</td>
<td>7-15</td>
</tr>
<tr>
<td>Vehicles</td>
<td>86,739</td>
<td>86,739</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td><strong>22,924,119</strong></td>
<td><strong>21,760,438</strong></td>
<td></td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>$16,974,829</td>
<td>$16,167,698</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>$5,949,290</strong></td>
<td><strong>$5,592,740</strong></td>
<td></td>
</tr>
</tbody>
</table>

Provision for depreciation was approximately $795,000 and $819,000 for the years ended June 30, 2020 and 2019, respectively.

Note 9 - FCC Broadcast Licenses

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

SFPBS performs impairment testing on the FCC broadcast licenses annually or when an event triggering impairment may have occurred. An impairment is considered to exist if the fair value of the FCC broadcast license is less than the carrying amount. If an impairment exists, the impairment loss is measured by the difference between the fair value and carrying amount. SFPBS’s estimate of fair value is based upon, among other things, market conditions including other acquisitions of FCC broadcast licenses. Assumptions underlying fair value estimates are subject to significant risks and uncertainties. For the years ended June 30, 2020 and 2019, management has determined that no impairment exists.
Note 10 - Note Payable

SFPBS’s note payable includes the following at June 30, 2020 and 2019:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition note payable dated July 20, 2012, face amount of $570,000 plus accrued interest thereon at 6%. Principal and accrued interest are payable in five annual installments commencing on July 20, 2018 with maturity on July 20, 2023.</td>
<td>$533,408</td>
<td>$673,026</td>
</tr>
<tr>
<td>Less current portion</td>
<td>(147,995)</td>
<td>(139,618)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$385,413</strong></td>
<td><strong>$533,408</strong></td>
</tr>
</tbody>
</table>

Future approximate annual payments on the note payable are as follows:

<table>
<thead>
<tr>
<th>Year Ending June 30</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>Thereafter</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$180,000</td>
<td>$180,000</td>
<td>$181,300</td>
<td>$64,600</td>
<td><strong>NONE</strong></td>
</tr>
</tbody>
</table>

Note 11 - Lines of Credit

SFPBS has a line of credit of $1,500,000, which provides for interest on outstanding borrowings at the prevailing prime rate. The line of credit matures on February 25, 2021. The lender holds a security interest in certain cash deposits and investments maintained with them and any balance is guaranteed by the Foundation. At June 30, 2020 and 2019, the line of credit did not have a balance.

Previously, the Foundation entered into an agreement with an investment company to borrow against certain investment holdings. The margin loan is collateralized by certain endowment assets held by the investment company, and the amount of credit available ($3,081,560 at June 30, 2020) is determined by a certain percentage of the market value of each asset type. The loan balance at June 30, 2020 and June 30, 2019 was $5,992,202 and $4,777,601, respectively. The rate of interest varies and is based on the relationship and dollar amount of assets under management (2.25% as of June 30, 2020). The loan is collateralized by investments with a fair value of $11,110,453 at June 30, 2020. For the year ended June 30, 2020, interest expense in the amount of $183,321 was charged in connection with this margin loan.
**South Florida PBS, Inc. and Affiliates**  
**Notes to Consolidated Financial Statements**  
**June 30, 2020 and 2019**

**Note 12 - Community Service and Other Grants**

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

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

These Community Service Grants are reported in the accompanying consolidated financial statements as unrestricted revenues; however, certain guidelines must be satisfied in connection with the application for and use of the grants to maintain eligibility and compliance requirements. These guidelines pertain to the use of grant funds, recordkeeping, audits, financial reporting, and license status with the Federal Communications Commission.

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

During the years ended June 30, 2020 and 2019, SFPBS received a grant of approximately $34,400 and $822,000, respectively, from the Federal Communications Commission (FCC) to reimburse station expenses incurred related to the construction of transmission facilities on reassigned television channels.

**Note 13 - Split Interest Agreements**

The Foundation accepts gifts subject to split interest agreements. A split interest agreement is created when a donor contributes assets to the Foundation or places them in a trust for the benefit of the Foundation, but the Foundation is not the sole beneficiary of the assets’ economic value. These gifts are in the form of charitable gift annuities or charitable remainder annuity trusts which provide that the Foundation, as trustee, make payments to designated beneficiaries in accordance with the applicable donor’s trust or contractual agreement. At the time of agreement, gifts are recorded at the fair market value of the asset received net of any applicable liability. Liabilities include the present value of projected future distributions to the annuity or trust beneficiaries and are determined using the prevailing rate for computing charitable deductions for such gifts. The present value of the estimated future payments is $2,002,797 and $2,102,024 at June 30, 2020 and 2019, respectively, using discount rates ranging from 1.4% to 6.2% and applicable mortality tables. On a quarterly basis, the Foundation reevaluates the amount of estimated future payments. For the years ended June 30, 2020 and 2019, the Foundation reported a change in value of split-interest agreements of approximately $38,000 and $15,000. Split interest agreements are recorded as funds with donor restrictions depending on donor-imposed stipulations. The Foundation holds qualifying assets in excess of the minimum gift annuity reserves required by Florida law. The reserve amount is calculated following assumptions set forth by Florida Statute in Section 627.481(2)(a)1.b.
**Note 14 - Employee Benefit Plans**

SFPBS sponsored a noncontributory defined benefit pension plan (the Plan) that covered substantially all of its employees that previously worked for WPBT. The Plan was amended effective March 30, 2006 to provide that there will be no further benefits after that date. Benefits previously accrued under the Plan will be preserved, but no additional increases in accrued benefits will occur after that date. Benefits are based on an employee’s years of service and earnings during the ten years ending March 30, 2006. In accordance with its present annual funding policy, SFPBS contributes the minimum amount required by regulations of the Employee Retirement Income Security Act. For the years ending June 30, 2020 and 2019, SFPBS made required contributions of $399,964 and $315,893, respectively, to the Plan. SFPBS expects to contribute $601,708 to the Plan during the fiscal year ending June 30, 2020.

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

The following table displays the funding status of the Plan for the years ended June 30, 2020 and 2019:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair value of Plan assets</td>
<td>$11,489,738</td>
<td>$11,706,545</td>
</tr>
<tr>
<td>Projected benefit obligation</td>
<td>(17,884,712)</td>
<td>(16,721,787)</td>
</tr>
<tr>
<td>Unfunded liability</td>
<td>($6,394,974)</td>
<td>($5,015,242)</td>
</tr>
</tbody>
</table>

There were benefits of $1,042,699 and $1,029,019 paid during the years ended June 30, 2020 and 2019, respectively. Further, SFPBS recorded a pension expense of $218,233 and $265,691 for the years ended June 30, 2020 and 2019, respectively.

Asset allocation by asset category based on fair value at June 30, 2020 and 2019 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity securities</td>
<td>$5,431,883</td>
<td>$5,499,324</td>
</tr>
<tr>
<td>Debt securities</td>
<td>5,221,143</td>
<td>5,319,698</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>114,621</td>
<td>90,374</td>
</tr>
<tr>
<td>Other</td>
<td>722,091</td>
<td>797,149</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$11,489,738</strong></td>
<td><strong>$11,706,545</strong></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weighted-average assumptions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discount rate to determine benefit obligation</td>
<td>2.7%</td>
<td>3.5%</td>
</tr>
<tr>
<td>Discount rate to determine net periodic pension costs</td>
<td>3.5%</td>
<td>4.1%</td>
</tr>
<tr>
<td>Expected rate of return on Plan assets</td>
<td>6.0%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Measurement date</td>
<td>6/30/20</td>
<td>6/30/19</td>
</tr>
</tbody>
</table>
Note 14 - Employee Benefit Plans (continued)

For the years ended June 30, 2020 and 2019, the mortality assumptions are from the 2014 Society of Actuaries Basic Mortality Table (complete dataset) with full generational projection using the 2015 SOA Projection Scale.

The following table reflects the changes in the pension liability for the years ended June 30, 2020 and 2019 using the above assumptions:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension liability, beginning of year</td>
<td>$5,015,242</td>
<td>$4,146,156</td>
</tr>
<tr>
<td>Contributions</td>
<td>(399,964)</td>
<td>(315,893)</td>
</tr>
<tr>
<td>Pension liability adjustment</td>
<td>1,561,463</td>
<td>919,288</td>
</tr>
<tr>
<td>Net periodic benefit cost</td>
<td>218,233</td>
<td>265,691</td>
</tr>
<tr>
<td>Pension liability, end of year</td>
<td>$6,394,974</td>
<td>$5,015,242</td>
</tr>
</tbody>
</table>

The net periodic benefit cost for the years ended June 30, 2020 and 2019 is calculated as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest cost</td>
<td>$568,610</td>
<td>$639,845</td>
</tr>
<tr>
<td>Net loss amortization</td>
<td>336,174</td>
<td>301,734</td>
</tr>
<tr>
<td>Expected return on assets</td>
<td>(686,551)</td>
<td>(675,888)</td>
</tr>
<tr>
<td></td>
<td>$218,233</td>
<td>$265,691</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Years Ending June 30,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>$1,071,745</td>
</tr>
<tr>
<td>2022</td>
<td>$1,074,773</td>
</tr>
<tr>
<td>2023</td>
<td>$1,089,464</td>
</tr>
<tr>
<td>2024</td>
<td>$1,077,878</td>
</tr>
<tr>
<td>2025</td>
<td>$1,079,592</td>
</tr>
<tr>
<td>2026-2030</td>
<td>$5,238,300</td>
</tr>
</tbody>
</table>

In July of 2017, SFPBS initiated the sponsorship of a salary reduction contribution plan pursuant to Section 403(b)(7) of the Internal Revenue Code, covering substantially all employees. This plan replaced the 401(k) and restated the 403(b) plans formerly offered to WPBT and WXEL employees, respectively. The Plan allows the participant to make pre-tax contributions up to defined statutory limits. SFPBS may, at its discretion, make a matching contribution based on a percentage of the participant’s Plan contributions. Total expense in conjunction with these matching contributions for the years ended June 30, 2020 and 2019 was approximately $81,000 and $76,400, respectively.
Note 15 - Income Taxes

SFPBS and the Foundation have qualified as nonprofit organizations under Internal Revenue Code Section 501(a) as organizations described in Section 501(c)(3) and are exempt from income taxes. Comtel is organized as a for-profit entity and, as such, is subject to income taxes. Income taxes for Comtel are accounted for using the liability method under which deferred tax liabilities and assets are recognized based on the expected future tax consequences of the differences between the financial statements and tax bases of assets and liabilities using enacted rates in effect for the year in which the differences are expected to reverse. A valuation allowance is established when it is more likely than not that all or a portion of a deferred tax asset will not be realized. Comtel did not have a provision or credit for income taxes for the years ended June 30, 2020 or 2019. At June 30, 2020 and 2019, Comtel had a deferred tax asset of approximately $652,000 and $625,000, respectively, primarily related to net operating loss carryforwards of approximately $2,658,800. The deferred tax assets have been offset in full by a valuation allowance at June 30, 2020 and 2019 since, in the opinion of management, it is more likely than not that the deferred tax asset benefit will not be realized.

Note 16 - Employment Agreement

SFPBS and Comtel previously entered into employment agreements with a former officer (the SFPBS Agreement and the Comtel Agreement). SFPBS Agreement terminated May 14, 2004 upon retirement of the officer. Post-termination health insurance benefits will be provided at 50% of cost for the remainder of the employee’s life. In addition, SFPBS has purchased a life insurance policy for the officer for which SFPBS is only entitled to receive an amount equal to the premiums paid. As of June 30, 2020 and 2019, the amount approximated $367,600, which is included in the cash surrender value and premiums receivable in the accompanying consolidated statements of financial position.

The Comtel Agreement, provides for supplemental retirement benefits in the amount of $3,000 per month to the officer or his beneficiaries for a continuous period of 15 years, which began in November 2004. Amounts due under the deferred compensation and supplemental retirement arrangements have been included in deferred compensation payable in the accompanying consolidated statements of financial position. The Comtel Agreement’s requirements were completed in October 2019.

In connection with its obligations under the Comtel agreement, Comtel has purchased a life insurance policy with a cash surrender value of approximately $464,000 and $463,000 at June 30, 2020 and 2019, respectively. The cash surrender value of this policy at retirement together with earnings thereon are expected to discharge the obligations in connection with the Comtel Agreement.

Note 17 - Donated Facilities

A portion of the SFPBS Miami facilities and equipment leased from the Florida Board of Education for $1 per year for an initial term of 20 years commencing February 10, 1989 with four five-year renewal options. At the end of the 40th year, and providing that there has been no uncured default on SFPBS’s part, the State Board of Education shall convey title of the building and equipment. During the year ended June 30, 2019, these facilities and equipment have been sold by the Organization, as described in the paragraph below and in Note 20.
Note 17 - Donated Facilities (continued)

The land upon which the SFPBS Boynton Beach facilities were constructed was donated to SFPBS by the City of Boynton Beach, Florida. A deed restriction required the property to be used as a nonprofit education and/or public broadcasting facility. During the year ended June 30, 2019, SFPBS traded the land to the State of Florida in exchange for the facilities and equipment mentioned above in order to facilitate the sale of the Miami location (Note 20).

The estimated annual fair rent value of the Boynton Beach facilities for the years ended June 30, 2020 and 2019 is approximately $724,400 and $327,900, respectively, which is recorded as an in-kind contribution revenue and expense in the accompanying Statements of Activities.

Note 18 - Commitments and Contingencies

SFPBS has operating leases for equipment which expires up to fiscal year 2022. Four additional leases contain a bargain purchase option and are accounted for as capital leases. Following the sale of the broadcast tower and transmitter building in fiscal year 2014, SFPBS entered into an initial 15-year capital lease for space on the tower.

In February 2019, SFPBS sold its North Miami property and entered into a 2-year leaseback with the buyer effective March 1, 2019 (Note 20).

Total rent expense for all operating leases amounted to approximately $455,300 and $260,900 for the years ended June 30, 2020 and 2019, respectively.

The capital leases are collateralized by property with a net book value of $520,600, net of accumulated depreciation of approximately $598,100. Depreciation on these capital leases is included in program expense.

Approximate future minimum lease payments at June 30, 2020:

<table>
<thead>
<tr>
<th>Years Ending June 30,</th>
<th>Capital Leases</th>
<th>Operating Leases</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>$251,700</td>
<td>$338,000</td>
</tr>
<tr>
<td>2022</td>
<td>153,800</td>
<td>100,000</td>
</tr>
<tr>
<td>2023</td>
<td>158,400</td>
<td>-</td>
</tr>
<tr>
<td>2024</td>
<td>163,100</td>
<td>-</td>
</tr>
<tr>
<td>2025</td>
<td>168,000</td>
<td>-</td>
</tr>
<tr>
<td>Thereafter</td>
<td>597,000</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>1,492,000</td>
<td>$438,000</td>
</tr>
</tbody>
</table>

| Less interest         | (787,900)      |
|                       | $704,100       |
Note 19 - Joint Master Control

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

DCA is the recipient of a $7 million grant from the Corporation for Public Broadcasting for the purpose of financing DCA’s purchase of equipment. Member stations contributed a combined total of $7,777,777; SFPBS’s share was $70,707. During the years ended June 30, 2020 and 2019, SFPBS expended approximately $22,600 and $90,600, respectively, for future services which are reflected as prepaid expenses and the $70,707 is being amortized over the 10 year initial service period. The remaining balances of approximately $35,300 and $42,400 at June 30, 2020 and 2019, respectively, are included in other assets on the Statements of Financial Position.

The member stations will pay annual fees to DCA to cover the cost of operating the master control services, administrative services, insurance, capital needs, etc. SFPBS incurred approximately $271,900 and $264,400 for the years ended June 30, 2020 and 2019, respectively. Member stations are required to continue their participation in the DCA for ten years in order to avoid penalty (at CPB’s discretion, penalty of 10% of the grant amount during the first five years and 5% of the grant amount during the second five years).

Note 20 - Sale of Building

SFPBS sold its Miami property (WPBT building and grounds) in February 2019 and entered into a two-year leaseback with the buyer. The cash proceeds from the sale were utilized to pay down debt. During the leaseback period, SFPBS will renovate the Boynton Beach (WXEL) property to facilitate the consolidation of physical and human resources.

Note 21 - Related Party Transactions

During the years ended June 30, 2020 and 2019, the Organization recorded approximately $2,200,000 and $2,000,000, respectively, in contributions from board members and their related entities.

Note 22 - Management’s Action Plan

For the year ended June 30, 2020, SFPBS recorded an operating deficit (reduction in net assets before pension adjustment) of $1,482,657. During the preceding two fiscal years, the change in net assets before the pension liability adjustment totaled ($2,808,804). The result of this and the current year deficit is a reduction in total net assets of approximately $4,291,000. This fact, in addition to the decline in revenues beginning in the last quarter of FY2020 resulting from COVID-19 related issues, indicated substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements were available to be issued.
Note 22 - Management’s Action Plan (continued)

Management and the Board of Directors took steps immediately to address the issue. The fiscal 2021 budget calls for a break-even result, before depreciation, achieved by significantly reducing expenses. The expense reductions will be realized by vacating the Miami WPBT facility and terminating the building lease, cutting all discretionary spending for potential investment opportunities, including productions with zero profit margins, and minimizing travel and special event costs. Certain one-time costs incurred in fiscal 2020, totaling $450,000, were also omitted from the fiscal 2021 budget. Management is committed to meeting this budget and prepared to take further reductions should revenues underperform.

As a result, the doubts about SFPBS's ability to continue as a going concern appear to be alleviated at October 15, 2020.

Note 23 - Paycheck Protection Program

Through a local financial institution, the Organization received $950,000 from the U.S. Small Business Administration (“SBA”) as part of the Paycheck Protection Program (“PPP”), which is designed to provide a direct incentive for small businesses to keep their employees on the payroll. The Organization has elected to account for the PPP funds in accordance with FASB’s ASC 958-605, Not-for-Profit Entities - Revenue Recognition. Under this method the PPP funds were recorded as a refundable advance in the Statement of Financial Position when it was received in April 2020. During the fiscal year, South Florida PBS, Inc. recognized the full amount in revenue as the related conditions were deemed substantially met by management. No amount remains as a refundable advance at June 30, 2020. It is expected that South Florida PBS, Inc. will apply for full forgiveness by the end of the calendar year 2020, in accordance with the terms of this program.
SUPPLEMENTAL INFORMATION
South Florida PBS, Inc. and Affiliates  
Supplementary Consolidating Schedule of Financial Position  
June 30, 2020

<table>
<thead>
<tr>
<th>Assets:</th>
<th>South Florida PBS, Inc.</th>
<th>South Florida PBS Foundation, Inc.</th>
<th>Comtel</th>
<th>Eliminating Entries</th>
<th>Consolidated Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 1,364,494</td>
<td>$ 326,800</td>
<td>$ 18,120</td>
<td>$ -</td>
<td>$ 1,709,144</td>
</tr>
<tr>
<td>Receivables, net of allowance for doubtful accounts</td>
<td>265,399</td>
<td>120,109</td>
<td>17,410</td>
<td>-</td>
<td>402,918</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>263,387</td>
<td>13,182</td>
<td>1,943</td>
<td>-</td>
<td>278,512</td>
</tr>
<tr>
<td>Program broadcast rights, net of amortization</td>
<td>963,889</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>963,889</td>
</tr>
<tr>
<td>Due from affiliates</td>
<td>2,908,681</td>
<td>-</td>
<td>425,884</td>
<td>(3,334,565)</td>
<td>-</td>
</tr>
<tr>
<td>Total current assets</td>
<td>5,765,850</td>
<td>460,091</td>
<td>463,357</td>
<td>(3,334,565)</td>
<td>3,354,733</td>
</tr>
<tr>
<td>Other assets</td>
<td>63,084</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>63,084</td>
</tr>
<tr>
<td>Investments</td>
<td>-</td>
<td>13,442,650</td>
<td>-</td>
<td>(465,000)</td>
<td>12,977,650</td>
</tr>
<tr>
<td>Cash surrender value and premiums receivable on life insurance policies</td>
<td>367,605</td>
<td>-</td>
<td>464,207</td>
<td>-</td>
<td>831,812</td>
</tr>
<tr>
<td>Program broadcast rights, net of amortization and current portion</td>
<td>470,412</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>470,412</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>5,949,290</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5,949,290</td>
</tr>
<tr>
<td>FCC broadcast licenses</td>
<td>3,488,900</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,488,900</td>
</tr>
<tr>
<td>Due from affiliates - non current</td>
<td>-</td>
<td>4,063,545</td>
<td>-</td>
<td>(4,063,545)</td>
<td>-</td>
</tr>
<tr>
<td>Total assets</td>
<td>$ 16,105,141</td>
<td>$ 17,966,286</td>
<td>$ 927,564</td>
<td>(7,863,110)</td>
<td>$ 27,135,881</td>
</tr>
</tbody>
</table>

| Liabilities: | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | $ 610,764 | - | $ 6,845 | $ - | $ 617,609 |
| Accrued expenses | 526,065 | - | - | - | 526,065 |
| Pension liability | 601,708 | - | - | - | 601,708 |
| Refundable program advances | 355,000 | - | - | - | 355,000 |
| Present value of annuity obligations | - | 170,913 | - | - | 170,913 |
| Line of credit | 5,992,202 | - | - | - | 5,992,202 |
| Note payable | 147,995 | - | - | - | 147,995 |
| Capital lease payable | 113,729 | - | - | - | 113,729 |
| Due to affiliates | - | - | 2,908,681 | (2,908,681) | - |
| Total current liabilities | 8,347,463 | 170,913 | 2,915,526 | (2,908,681) | 8,525,221 |
| Deferred revenue | 434,254 | - | - | - | 434,254 |
| Present value of annuity obligations | - | 1,831,884 | - | - | 1,831,884 |
| Pension liability, due beyond one year | 5,793,266 | - | - | - | 5,793,266 |
| Due to affiliates | 4,489,429 | - | (4,489,429) | - | - |
| Note payable, due beyond one year | 385,413 | - | - | - | 385,413 |
| Capital lease payable, due beyond one year | 590,376 | - | - | - | 590,376 |
| Total liabilities | 20,040,201 | 2,002,797 | 2,915,526 | (4,489,429) | 17,560,414 |

| Net Assets: | | | | | |
| Without donor restrictions: | | | | | |
| Board designated | - | 7,678,624 | - | - | 7,678,624 |
| Undesignated (deficit) | (3,945,060) | - | (2,452,962) | (5,000) | (6,398,022) |
| Common stock | - | - | 5,000 | (5,000) | - |
| Paid in capital | - | - | 460,000 | (460,000) | - |
| With donor restrictions: | | | | | |
| Purpose and time restrictions | 10,000 | 684,497 | - | - | 694,497 |
| Perpetual in nature | - | 7,600,368 | - | - | 7,600,368 |
| Total net assets | (3,935,060) | 15,963,489 | (1,987,962) | (465,000) | 9,575,467 |
| Total liabilities and net assets | $ 16,105,141 | $ 17,966,286 | $ 927,564 | (7,863,110) | $ 27,135,881 |
### Change in Net Assets Without Donor Restrictions:

<table>
<thead>
<tr>
<th>Description</th>
<th>South Florida PBS, Inc.</th>
<th>South Florida PBS Foundation, Inc.</th>
<th>Comtel</th>
<th>Eliminating Entries</th>
<th>Consolidated Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues, gains (losses) and other support:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contract productions</td>
<td>$13,500</td>
<td>$ -</td>
<td>$469,475</td>
<td>$ -</td>
<td>$482,975</td>
</tr>
<tr>
<td>Contributions and bequests</td>
<td>11,611,564</td>
<td>1,316</td>
<td>-</td>
<td>-</td>
<td>11,612,880</td>
</tr>
<tr>
<td>Satisfaction of program restrictions</td>
<td>10,000</td>
<td>382,080</td>
<td>-</td>
<td>-</td>
<td>392,080</td>
</tr>
<tr>
<td>Corporation for Public Broadcasting: Community service and other grants</td>
<td>1,617,922</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,617,922</td>
</tr>
<tr>
<td>Small Business Administration grant: Paycheck Protection Program</td>
<td>950,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>950,000</td>
</tr>
<tr>
<td>State of Florida Department of Education: Community service grant</td>
<td>640,800</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>640,800</td>
</tr>
<tr>
<td>Division of Real Estate Management and Development grant</td>
<td>488,864</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>488,864</td>
</tr>
<tr>
<td>Federal Communications Commission grant</td>
<td>34,390</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>34,390</td>
</tr>
<tr>
<td>Program and production underwriting</td>
<td>3,028,774</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,028,774</td>
</tr>
<tr>
<td>Net investment income (loss)</td>
<td>(1,005)</td>
<td>801,677</td>
<td>1,184</td>
<td>-</td>
<td>801,856</td>
</tr>
<tr>
<td>Other</td>
<td>143,664</td>
<td>-</td>
<td>43,840</td>
<td>-</td>
<td>187,504</td>
</tr>
<tr>
<td><strong>Total revenues, gains (losses) and other support</strong></td>
<td><strong>18,538,473</strong></td>
<td><strong>1,185,073</strong></td>
<td><strong>514,499</strong></td>
<td><strong>-</strong></td>
<td><strong>20,238,045</strong></td>
</tr>
<tr>
<td>Operating Expenses:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Programming and production</td>
<td>10,746,012</td>
<td>-</td>
<td>710,682</td>
<td>-</td>
<td>11,456,694</td>
</tr>
<tr>
<td>Broadcasting</td>
<td>3,345,730</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,345,730</td>
</tr>
<tr>
<td><strong>Total program services</strong></td>
<td><strong>14,091,742</strong></td>
<td>-</td>
<td><strong>710,682</strong></td>
<td><strong>-</strong></td>
<td><strong>14,802,424</strong></td>
</tr>
<tr>
<td>Supporting services:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development and marketing</td>
<td>4,555,162</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,555,162</td>
</tr>
<tr>
<td>General and administrative</td>
<td>2,665,196</td>
<td>124,681</td>
<td>-</td>
<td>-</td>
<td>2,789,877</td>
</tr>
<tr>
<td><strong>Total supporting services</strong></td>
<td><strong>7,220,358</strong></td>
<td><strong>124,681</strong></td>
<td>-</td>
<td>-</td>
<td><strong>7,345,039</strong></td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>21,312,100</td>
<td>124,681</td>
<td>710,682</td>
<td>-</td>
<td>22,147,463</td>
</tr>
<tr>
<td>Change in net assets without donor restrictions</td>
<td>(2,773,627)</td>
<td>1,060,392</td>
<td>(196,183)</td>
<td>-</td>
<td>(1,909,418)</td>
</tr>
<tr>
<td>Change in Net Assets With Donor Restrictions:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>-</td>
<td>535,076</td>
<td>-</td>
<td>-</td>
<td>535,076</td>
</tr>
<tr>
<td>Net investment income</td>
<td>-</td>
<td>245,454</td>
<td>-</td>
<td>-</td>
<td>245,454</td>
</tr>
<tr>
<td>Change in present value of annuity obligations</td>
<td>-</td>
<td>38,311</td>
<td>-</td>
<td>-</td>
<td>38,311</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>(10,000)</td>
<td>(382,080)</td>
<td>-</td>
<td>-</td>
<td>(392,080)</td>
</tr>
<tr>
<td>Change in net assets with donor restrictions</td>
<td>(10,000)</td>
<td>436,761</td>
<td>-</td>
<td>-</td>
<td>426,761</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>(2,783,627)</td>
<td>1,497,153</td>
<td>(196,183)</td>
<td>-</td>
<td>(1,482,657)</td>
</tr>
<tr>
<td>Pension Liability Adjustment</td>
<td>(1,561,463)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(1,561,463)</td>
</tr>
<tr>
<td>Net Assets, beginning of year</td>
<td>410,030</td>
<td>14,466,336</td>
<td>(2,256,779)</td>
<td>-</td>
<td>12,619,587</td>
</tr>
<tr>
<td>Net Assets, end of year</td>
<td>$3,935,060</td>
<td>$15,963,489</td>
<td>$2,452,962</td>
<td>-</td>
<td>$9,575,467</td>
</tr>
</tbody>
</table>
South Florida PBS, Inc. and Affiliates  
Supplementary Consolidating Schedule of Cash Flows  
For the Year Ended June 30, 2020

<table>
<thead>
<tr>
<th>South Florida PBS, Inc.</th>
<th>South Florida PBS Foundation, Inc.</th>
<th>Comtel</th>
<th>Eliminating Entries</th>
<th>Consolidated Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Activities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash received from supporters and customers</td>
<td>$20,074,666</td>
<td>$535,076</td>
<td>$640,578</td>
<td>$ -</td>
</tr>
<tr>
<td>Interest received</td>
<td>915</td>
<td>204,993</td>
<td>1,184</td>
<td>-</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(375,329)</td>
<td>-</td>
<td>(3,099)</td>
<td>-</td>
</tr>
<tr>
<td>Cash paid for support services, to suppliers and employees</td>
<td>(21,789,505)</td>
<td>(185,597)</td>
<td>(512,734)</td>
<td>-</td>
</tr>
<tr>
<td>Net cash provided by (used in) investing activities</td>
<td>(2,089,253)</td>
<td>554,472</td>
<td>125,929</td>
<td>-</td>
</tr>
</tbody>
</table>

| **Investing Activities:** |                                   |        |                     |                     |
| Cash received from sales or maturities of investments | 356,170 | 16,671,010 | - | - | 17,027,180 |
| Cash paid for property and equipment | (1,165,137) | - | - | - | (1,165,137) |
| Cash paid for investments | - | (16,410,097) | - | - | (16,410,097) |
| Net cash provided by (used in) investing activities | (808,967) | 260,913 | - | - | (548,054) |

| **Financing Activities:** |                                   |        |                     |                     |
| Repayment of borrowings from financial institution | (1,782,214) | - | - | - | (1,782,214) |
| Proceeds from borrowings from financial institution | 2,683,411 | - | - | - | 2,683,411 |
| Advances from affiliate | - | (872,788) | - | 872,788 | - |
| Advances to affiliate | 1,038,408 | - | (165,620) | (872,788) | - |
| Net cash provided by (used in) financing activities | 1,939,605 | (872,788) | (165,620) | - | 901,197 |

Net increase (decrease) in cash and cash equivalents | (958,615) | (57,403) | (39,691) | - | (1,055,709) |

**Cash and Cash Equivalents, beginning of year** | 2,323,109 | 384,203 | 57,811 | - | 2,765,123 |

**Cash and Cash Equivalents, end of year** | $1,364,494 | $326,800 | $18,120 | - | $1,709,414 |
INTERNAL CONTROLS AND COMPLIANCE
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the consolidated financial statements of South Florida PBS, Inc. and Affiliates (the “Organization”), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 15, 2020.

Internal Control Over Financial Reporting

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

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

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

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

Purpose of this Report

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

Keefe McCullough

KEEFE McCULLOUGH

Fort Lauderdale, Florida
October 15, 2020