

BLUE RIDGE PUBLIC TELEVISION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

BLUE RIDGE PUBLIC TELEVISION, INC.
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JUNE 30, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Blue Ridge Public Television, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Blue Ridge Public Television, Inc., 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.

Auditors' Responsibility

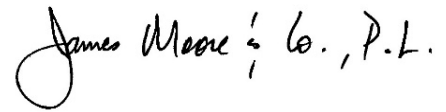
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Blue Ridge Public Television, 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.

James Moore & Co., P.L.

Gainesville, Florida
January 11, 2022

BLUE RIDGE PUBLIC TELEVISION, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 727,979	\$ 354,467
Accounts receivable, net	70,500	62,537
Contributions receivable, net	142,819	761,008
Prepaid expenses	51,145	55,719
Total current assets	992,443	1,233,731
Non-current assets		
Investments	5,246,427	4,001,822
Property and equipment, net	811,523	653,150
Total non-current assets	6,057,950	4,654,972
Total Assets	\$ 7,050,393	\$ 5,888,703
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts payable	\$ 117,316	\$ 36,081
Deferred revenue	33,600	39,984
Refundable advance	83,000	182,300
Other accrued liabilities	46,232	32,860
Total current liabilities	280,148	291,225
Net assets		
Without donor restrictions	6,013,859	4,835,567
With donor restrictions	756,386	761,911
Total net assets	6,770,245	5,597,478
Total Liabilities and Net Assets	\$ 7,050,393	\$ 5,888,703

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

BLUE RIDGE PUBLIC TELEVISION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Contributions and related support:			
Subscriptions and membership revenues	\$ 714,922	\$ 163,381	\$ 878,303
Bequests	33,274	-	33,274
Program underwriting	125,456	-	125,456
In-kind contributions	99,178	-	99,178
Trade	17,536	-	17,536
Special events and other support	54,836	-	54,836
Grants:			
Corporation for Public Broadcasting	778,080	473,963	1,252,043
Other	116,350	350,000	466,350
Education and program revenue:			
Production-other	74,668	-	74,668
Other revenue and support:			
Rental and leasing	149,699	-	149,699
Investment return, net	1,248,887	-	1,248,887
Federal debt forgiveness	182,300	-	182,300
Net assets released from restrictions:			
Restricted funds expended and expiration of time restrictions	992,869	(992,869)	-
Total support and revenues	4,588,055	(5,525)	4,582,530
Expenses			
Program services:			
Programming and production	1,531,233	-	1,531,233
Broadcasting	387,853	-	387,853
Program information	47,883	-	47,883
Total program services	1,966,969	-	1,966,969
Supporting services:			
Development and underwriting	830,818	-	830,818
Management and general	611,976	-	611,976
Total supporting services	1,442,794	-	1,442,794
Total expenses	3,409,763	-	3,409,763
Change in net assets	1,178,292	(5,525)	1,172,767
Net assets, beginning of year	4,835,567	761,911	5,597,478
Net assets, end of year	\$ 6,013,859	\$ 756,386	\$ 6,770,245

The accompanying notes to financial statements
are an integral part of this statement.

BLUE RIDGE PUBLIC TELEVISION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenues			
Contributions and related support:			
Subscriptions and membership revenues	\$ 1,020,970	\$ 781,008	\$ 1,801,978
Bequests	309,404	-	309,404
Program underwriting	162,790	-	162,790
In-kind contributions	100,160	-	100,160
Trade	27,866	-	27,866
Special events and other support	27,356	-	27,356
Grants:			
Corporation for Public Broadcasting	1,099,392	-	1,099,392
Other	117,936	-	117,936
Education and program revenue:			
Production-other	68,157	-	68,157
Other revenue and support:			
Rental and leasing	143,816	-	143,816
Investment return, net	250,122	-	250,122
Net assets released from restrictions:			
Restricted funds expended and expiration of time restrictions	120,058	(120,058)	-
Total support and revenues	<u>3,448,027</u>	<u>660,950</u>	<u>4,108,977</u>
Expenses			
Program services:			
Programming and production	1,235,694	-	1,235,694
Broadcasting	486,328	-	486,328
Program information	12,619	-	12,619
Total program services	<u>1,734,641</u>	<u>-</u>	<u>1,734,641</u>
Supporting services:			
Development and underwriting	634,088	-	634,088
Management and general	657,322	-	657,322
Total supporting services	<u>1,291,410</u>	<u>-</u>	<u>1,291,410</u>
Total expenses	<u>3,026,051</u>	<u>-</u>	<u>3,026,051</u>
Change in net assets	<u>421,976</u>	<u>660,950</u>	<u>1,082,926</u>
Net assets, beginning of year	4,413,591	100,961	4,514,552
Net assets, end of year	<u>\$ 4,835,567</u>	<u>\$ 761,911</u>	<u>\$ 5,597,478</u>

The accompanying notes to financial statements
are an integral part of this statement.

BLUE RIDGE PUBLIC TELEVISION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Program Services</u>				<u>Supporting Services</u>			<u>Total Expenses</u>
	<u>Programming and Production</u>	<u>Broadcasting</u>	<u>Program Information</u>	<u>Total</u>	<u>Development and Underwriting</u>	<u>Management and General</u>	<u>Total</u>	
Salaries, payroll taxes and benefits	\$ 607,492	\$ 240,256	\$ 36,588	\$ 884,336	\$ 263,030	\$ 295,483	\$ 558,513	\$ 1,442,849
Program rental	567,783	-	-	567,783	-	60	60	567,843
Depreciation	34,067	49,447	-	83,514	-	20,927	20,927	104,441
Professional services	142,122	5,945	683	148,750	73,304	145,094	218,398	367,148
Utilities	29,446	42,363	2,103	73,912	12,620	14,022	26,642	100,554
Brokerage/financing fees	-	-	-	-	25,512	313	25,825	25,825
Premiums	-	-	-	-	34,350	-	34,350	34,350
Program services	12,457	-	-	12,457	-	-	-	12,457
Insurance	22,893	9,266	1,635	33,794	9,811	10,901	20,712	54,506
Building, equipment and land rental	27,142	10,987	1,939	40,068	11,633	12,925	24,558	64,626
Auto and travel	5,692	3,009	-	8,701	589	1,001	1,590	10,291
Postage and shipping	826	2,477	106	3,409	32,665	-	32,665	36,074
In-kind	-	-	-	-	17,536	28,613	46,149	46,149
General supplies	27,322	2,340	1,472	31,134	21,707	16,628	38,335	69,469
Repairs and maintenance	19,505	7,845	1,083	28,433	6,498	7,219	13,717	42,150
Telephone	7,176	1,155	114	8,445	683	25,564	26,247	34,692
Membership dues and subscriptions	11,364	440	2,134	13,938	49	27,687	27,736	41,674
Computer	748	12,298	-	13,046	-	1,058	1,058	14,104
Printing and publications	388	-	26	414	14,811	2,649	17,460	17,874
Other taxes and licenses	-	25	-	25	-	-	-	25
Bad debts	-	-	-	-	306,020	-	306,020	306,020
Loss on disposal of equipment	1,195	-	-	1,195	-	-	-	1,195
Miscellaneous	13,615	-	-	13,615	-	1,832	1,832	15,447
	<u>\$ 1,531,233</u>	<u>\$ 387,853</u>	<u>\$ 47,883</u>	<u>\$ 1,966,969</u>	<u>\$ 830,818</u>	<u>\$ 611,976</u>	<u>\$ 1,442,794</u>	<u>\$ 3,409,763</u>

The accompanying notes to financial statements
are an integral part of this statement.

BLUE RIDGE PUBLIC TELEVISION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Program Services</u>				<u>Supporting Services</u>			<u>Total Expenses</u>
	<u>Programming and Production</u>	<u>Broadcasting</u>	<u>Program Information</u>	<u>Total</u>	<u>Development and Underwriting</u>	<u>Management and General</u>	<u>Total</u>	
Salaries, payroll taxes and benefits	\$ 386,295	\$ 257,491	\$ -	\$ 643,786	\$ 369,281	\$ 297,492	\$ 666,773	\$ 1,310,559
Program rental	606,721	-	-	606,721	-	18,240	18,240	624,961
Depreciation	22,339	67,738	-	90,077	-	20,776	20,776	110,853
Professional services	82,005	31,905	4,920	118,830	42,181	157,605	199,786	318,616
Utilities	20,701	44,087	-	64,788	19,987	16,418	36,405	101,193
Brokerage/financing fees	-	-	-	-	23,156	11,311	34,467	34,467
Premiums	-	-	-	-	51,317	-	51,317	51,317
Program services	18,110	-	-	18,110	-	-	-	18,110
Insurance	14,075	9,707	-	23,782	13,590	11,163	24,753	48,535
Special events	-	-	-	-	3,049	-	3,049	3,049
Building, equipment and land rental	21,678	30,870	-	52,548	21,230	17,193	38,423	90,971
Auto and travel	2,684	6,304	1,234	10,222	1,186	6,617	7,803	18,025
Postage and shipping	359	606	-	965	22,053	15,647	37,700	38,665
In-kind	-	-	-	-	27,866	23,925	51,791	51,791
General supplies	11,435	9,370	574	21,379	8,523	11,021	19,544	40,923
Repairs and maintenance	11,553	6,543	-	18,096	6,879	5,635	12,514	30,610
Telephone	964	3,151	-	4,115	448	18,475	18,923	23,038
Membership dues and subscriptions	26,577	1,452	1,756	29,785	180	19,755	19,935	49,720
Computer	1,548	12,279	-	13,827	498	803	1,301	15,128
Printing and publications	-	-	4,081	4,081	19,027	1,509	20,536	24,617
Other taxes and licenses	-	221	-	221	-	-	-	221
Bad debts	-	-	-	-	3,491	-	3,491	3,491
Loss on disposal of equipment	8,359	-	-	8,359	-	-	-	8,359
Miscellaneous	291	4,604	54	4,949	146	3,737	3,883	8,832
	<u>\$ 1,235,694</u>	<u>\$ 486,328</u>	<u>\$ 12,619</u>	<u>\$ 1,734,641</u>	<u>\$ 634,088</u>	<u>\$ 657,322</u>	<u>\$ 1,291,410</u>	<u>\$ 3,026,051</u>

The accompanying notes to financial statements
are an integral part of this statement.

BLUE RIDGE PUBLIC TELEVISION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 1,172,767	\$ 1,082,926
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	104,441	110,853
Bad debts	306,020	3,491
Net unrealized gain on investments	(1,102,147)	(258,705)
Net realized (gains) losses on sales of investments	(105,266)	56,757
Loss on disposal of property and equipment	1,195	8,359
Change in:		
Accounts and contributions receivable	304,206	(685,729)
Prepaid expenses	4,574	(2,855)
Accounts payable	200	(4,721)
Deferred revenue	(6,384)	(33,309)
Refundable advance	(99,300)	182,300
Other accrued liabilities	13,372	(36,236)
Net cash provided by (used in) operating activities	593,678	423,131
Cash flows from investing activities		
Proceeds from sale of investments	708,100	800,531
Purchases of investments	(745,292)	(848,705)
Purchases of property and equipment	(182,974)	(39,493)
Net cash provided by (used in) investing activities	(220,166)	(87,667)
Change in cash and cash equivalents	373,512	335,464
Cash and cash equivalents, beginning of year	354,467	19,003
Cash and cash equivalents, end of year	\$ 727,979	\$ 354,467
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ -	\$ 10,688
Supplemental disclosure of noncash investing activities		
Purchases of property and equipment included in accounts payable	\$ 81,235	\$ -

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

BLUE RIDGE PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(1) **Summary of Significant Accounting Policies:**

(a) **Organization**—Blue Ridge Public Television, Inc. (the “Station”) is a nonprofit corporation formed in 1967. The Station provides educational and informational programming for southwest Virginia and instructional television to area schools. The Station is committed to extensive local programming, educational services and community involvement opportunities for the coverage area of twenty counties in Virginia as well as four in West Virginia and two in North Carolina. The Station provides radio programming and cultural performances for the community.

The Station receives significant funding from the Corporation of Public Broadcasting (“CPB”). Reductions in this and other such support have and could have a significant effect on the Station’s activities and financial position.

(b) **Basis of accounting**—The accounts of the Station are maintained in conformity with the principles of accounting of not-for-profit accounting and have been prepared on the accrual basis.

(c) **Basis of presentation**—The Station reports net assets based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Station and changes therein are classified and reported as follows:

Net assets without donor restrictions—Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions—Net assets subject to donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature, such as those that will be met either by actions of the Station and/or passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by laws. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

(d) **Cash and cash equivalents**—For purposes of reporting cash flows, cash and cash equivalents include cash and investments with original maturities of three months or less.

(e) **Investments**—Investments are carried at fair value, and realized and unrealized gains and losses are reflected in the accompanying statements of activities. See Note 3 for further information on fair value reporting.

(f) **Accounts and contributions receivable**—Accounts and contributions receivable are carried at original amounts billed or pledged, less an estimate for doubtful receivables based on periodic review by management. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to certain types of receivables, primarily membership subscriptions. The allowance for uncollectible contributions receivable totaled \$20,656 and \$20,464 at June 30, 2021 and 2020, respectively. The allowance for accounts receivable totaled \$4,876 and \$5,068 at June 30, 2021 and 2020, respectively.

BLUE RIDGE PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(1) **Summary of Significant Accounting Policies:** (Continued)

Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to accounts receivable. Changes in the allowance for doubtful accounts have not been material to the financial statements. Recoveries of amounts previously written off are recorded when received.

The Station does not require collateral or other security on accounts receivable.

(g) **Property and equipment**—Property and equipment are reported at historical cost. Contributed assets are reported at fair value as of the date received. The Station capitalizes all property and equipment costing \$1,000 or more. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation for financial reporting purposes is computed using the straight-line method over the estimated useful lives of the assets as follows:

	Years
Broadcasting and related equipment	3 – 25
Studio building and parking lot	5 – 30
Transmitter buildings	15 – 30
Furniture and fixtures	3 – 15
Automobiles and trucks	5 – 10

(h) **Deferred revenue**—Income from advance rental payments and the unearned portions of education and program revenue is deferred and recognized over the period to which the dues and fees relate.

(i) **Revenue recognition**—The Station recognizes support and revenue from a variety of sources, including but not limited to the following:

Contributions, including subscriptions and membership revenues, are recognized when cash, securities or other assets; an unconditional promise to give or bequest; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Underwriting revenues are contributions to the Station to support its programming or activities in the form of underwriting credit. Nothing of commensurate value is exchanged for underwriting credit, and the Station provides refunds for any underwriting revenues collected if the spots are not aired. Therefore, underwriting revenues contain a barrier to overcome and a right of return or a right of release of the obligation, and are recognized as revenue when the related underwriting credits are aired.

Grants for specific projects and activities are recognized as revenue when awarded and all conditions have been met. The Station receives cost-reimbursable grants where the contracts require a right of return or right of release of the obligation for any unspent funds. Revenue on cost-reimbursable grants is recognized to the extent of costs incurred.

BLUE RIDGE PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(1) **Summary of Significant Accounting Policies:** (Continued)

Revenues from production, lease agreements, other rentals and services are recognized in the period earned or stipulated in the agreement, as performance obligations are satisfied.

(j) **In-kind contributions**—Contributed materials, supplies, facilities, and property are recorded at their estimated fair value at the date of donation. The Station reports gifts of equipment, professional services, materials and other nonmonetary contributions as support in the accompanying statements of activities.

If the fair value of contributed materials, supplies, facilities, and property cannot be reasonably determined they are not recorded. Donated personal services of nonprofessional volunteers, as well as national and local programming services, are not recorded as revenue and expense as there is no objective basis available to measure the value of such services.

Contributed advertising and promotion are recorded at the fair value of the contribution portion of the total value received.

(k) **Pledges and contributions**—The Station engages in periodic fundraising campaigns manifested by offering special programs and on-air and mail fundraising appeals. These appeals encourage supporters, both individuals and organizations, to provide financial contributions to the Station. Financial contributions are frequently evidenced by pledges received from responding listeners. Contributions, including unconditional promises to give and membership receipts, are recognized as revenue in the period received or given. Collected contributions and pledges are components of net assets without donor restrictions inasmuch as their usage is not limited to specific activities of the Station. This usage is consistent with appeals for contributions and pledges. Contributions receivable are a component of net assets with donor restrictions as they are subject to implied time restrictions.

Conditional promises to give are considered conditional if the terms of the agreement include both a right of return of assets received/promised and a barrier to entitlement. Conditional agreements are not recognized as pledges receivable until the conditions and barriers on which they depend are met.

(l) **Corporation for Public Broadcasting Community Service 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 broadcasting entities. CSGs are used to augment the financial resources of public broadcasting entities 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 Code Annotated, Section 396(k)(7). 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 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. Certain General Provisions must be satisfied in connection with application for and use of the grants to maintain eligibility and meet compliance requirements. These General Provisions mainly pertain to the use of grant funds, record keeping, audits, financial reporting, mailing lists, and licensee status with the Federal Communications Commission.

BLUE RIDGE PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(1) **Summary of Significant Accounting Policies:** (Continued)

The CSGs are reported on the accompanying financial statements as increases in net assets without donor restrictions, provided they are spent in the same fiscal year they are received.

(m) **Income taxes**—The Station is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the accompanying financial statements.

The Station files income tax returns in the U.S. Federal and state jurisdictions. The Station's tax returns for the past three years are subject to examination by tax authorities, and may change upon examination. The Station has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Station.

(n) **Functional allocation of expenses**—The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain personnel, office, and building costs have been allocated across functional groups based on salaries and benefits per functional classification.

(o) **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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, results could differ from those estimates.

(p) **Advertising costs**—Advertising costs are expensed in the period in which they are incurred. Advertising expense for the years ended June 30, 2021 and 2020 was \$2,469 and \$3,628, respectively.

(q) **Subsequent events**—The Station has evaluated events and transactions through January 11, 2022, the date the financial statements were available to be issued. No subsequent events have been identified or disclosed.

(r) **Recently issued accounting pronouncements**—The Financial Accounting Standards Board (FASB) issued new or modifications to, or interpretations of, existing accounting guidance during the year ended June 30, 2021. The Station has considered the new pronouncements that altered accounting principles generally accepted in the United States of America, and other than as disclosed in the notes to the financial statements below, does not believe that any other new or modified principles will have a material impact on the Station's reported financial position or operations in the near term.

In May 2014, the FASB issued ASU 2014-09: *Revenue from Contracts with Customers*, and has subsequently issued supplemental and/or clarifying ASUs (collectively "ASC 606"). These standards outline a five-step framework that supersedes the principles for recognizing revenue (previously "ASC 605") and eliminated industry-specific guidance. The core principle of the guidance of ASC 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods and services. The transaction price is allocated to identified performance

BLUE RIDGE PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(1) **Summary of Significant Accounting Policies:** (Continued)

obligations and recognized as performance obligations are satisfied. Qualitative and quantitative disclosures are required to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Station adopted ASC 606 for fiscal year 2021. There were no material impacts to the financial statements as a result of implementing ASC 606.

In February 2016, the FASB issued Accounting Standards Update 2016-02: *Leases* (Topic 842), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. The standard (as amended) is effective for the Station's fiscal year ending June 30, 2023, and may be adopted early. The Station is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

In August 2018, the FASB issued Accounting Standards Update 2018-13: *Fair Value Measurement* (Topic 820): Changes to the Disclosure Requirements for Fair Value Measurement, to improve the effectiveness of disclosures in the notes to the financial statements. The Station adopted ASU 2018-13 effective for its financial statements as of and for the year ended June 30, 2021. There were no material impacts to the financial statements as a result of implementing ASU 2018-13.

In September 2020, the FASB issued Accounting Standards Update 2020-07: *Not-for-Profit Entities* (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, to increase the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. The ASU should be applied on a retrospective basis and is effective for the Station's fiscal year ending June 30, 2022. Early adoption is permitted. The Station is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

(s) **Reclassifications**—Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. These reclassifications had no effect on net assets.

(2) **Liquidity and Availability:**

Financial assets available for general expenditure, that is, without donor restrictions, or internal board designations limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2021</u>	<u>2020</u>
Cash	\$ 727,979	\$ 354,467
Accounts receivable	70,500	62,537
Contributions receivable	142,819	761,008
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 941,298</u>	<u>\$ 1,178,012</u>

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(2) **Liquidity and Availability:** (Continued)

None of the financial assets are subject to donor or other contractual restrictions or internal board designations that make them unavailable for general expenditure within one year of the balance sheet date. The contributions receivable are subject to implied time restrictions but are expected to be collected within one year. Additionally, the Station has investments of \$5,246,427 and \$4,001,822 at June 30, 2021 and 2020, respectively. The Station structures its financial assets to be available and liquid as its general expenditures, liabilities, and other obligations come due. Although the Station does not intend to liquidate assets other than for amounts needed for general expenditures budgeted during the year, these amounts could be made available if necessary. See Note 3 for additional information regarding investments.

(3) **Investments and Fair Value Measurements:**

The Station invests in various securities primarily based on its investment policy and liquidity needs. The following is a summary of investment funds at June 30, 2021 and 2020:

<u>Year</u>	<u>Cost</u>	<u>Fair Value</u>
2021	<u>\$ 3,550,916</u>	<u>\$ 5,246,427</u>
2020	<u>\$ 3,330,092</u>	<u>\$ 4,001,822</u>

Net investment return on the statements of activities is comprised of the following for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest	\$ 16,312	\$ 16,439
Dividends	60,531	59,737
Realized gains/(losses), net	105,266	(56,757)
Unrealized gains/(losses), net	1,102,147	258,705
Investment expense	<u>(35,369)</u>	<u>(28,002)</u>
Investment return, net	<u>\$ 1,248,887</u>	<u>\$ 250,122</u>

The fair value measurement accounting literature provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GAAP are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Station has the ability to access.

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(3) **Investments and Fair Value Measurements:** (Continued)

Level 2 – Inputs to the valuation methodology include: (1) quoted market prices for similar assets or liabilities in active markets, (2) quoted prices for identical or similar assets or liabilities in inactive markets, (3) inputs other than quoted prices that are observable for the asset or liability, and (4) inputs that are derived principally from or corroborated by observable market data by correlation of other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes to the methodology used at June 30, 2021 and 2020.

Mutual funds – Valued at quoted market prices which represent the net asset value of shares held by the Station.

Equity securities – Valued at quoted market prices.

Fixed income – Valued at quoted market prices, when available. When quoted market prices are not available, valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yield currently available on comparable securities of issuers with similar credit ratings.

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

The following table summarizes the investments of the Station.

	Fair Value Measurements as of June 30, 2021			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 1,343,500	\$ -	\$ -	\$ 1,343,500
Equity securities	3,009,137	-	-	3,009,137
Fixed income	252,922	609,089	-	862,011
	<u>\$ 4,605,559</u>	<u>\$ 609,089</u>	<u>\$ -</u>	5,214,648
Money market accounts				31,779
				<u>\$ 5,246,427</u>

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(3) **Investments and Fair Value Measurements:** (Continued)

	Fair Value Measurements as of June 30, 2020			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 1,038,824	\$ -	\$ -	\$ 1,038,824
Equity securities	2,218,337	-	-	2,218,337
Fixed income	199,437	462,947	-	662,384
	<u>\$ 3,456,598</u>	<u>\$ 462,947</u>	<u>\$ -</u>	3,919,545
Money market accounts				82,277
				<u>\$ 4,001,822</u>

The amounts shown in money market accounts are held in cash accounts with financial services companies and are considered to be a part of total investments, as they will be used for investment purposes in the near future. The amounts have been included in the table above to reconcile with the statements of financial position.

(4) **Property and Equipment:**

A summary of property and equipment at June 30, 2021 and 2020, is as follows:

	2021	2020
Broadcasting and related equipment	\$ 3,412,360	\$ 3,370,214
Studio building and parking lot	1,589,193	1,590,307
Transmitter buildings	324,046	324,046
Furniture and fixtures	245,419	259,456
Automobiles and trucks	139,880	121,159
Total property and equipment	<u>5,710,898</u>	<u>5,665,182</u>
Less: Accumulated depreciation	4,991,573	5,015,837
Construction in process	92,198	3,805
Property and equipment, net	<u>\$ 811,523</u>	<u>\$ 653,150</u>

For the years ended June 30, 2021 and 2020, depreciation expense for property and equipment was \$104,441 and \$110,853, respectively.

(5) **Significant Concentrations:**

Information related to significant concentrations of revenues and credit risk for financial instruments owned by the Station, except as otherwise disclosed, is as follows:

- (a) **Cash and cash equivalents**—The Station maintains its cash accounts at financial institutions which at times may exceed federally insured limits. The Station has not experienced any losses in such accounts. As of June 30, 2021, and 2020 the uninsured cash balance totaled \$547,457 and \$118,275, respectively.

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(5) **Significant Concentrations:** (Continued)

(b) **Revenues**—The CPB provided approximately 27% of revenue during each of the fiscal years ended June 30, 2021 and 2020.

(c) **Accounts receivable**—The Station had accounts receivable of \$70,500 and \$62,537 at June 30, 2021 and 2020, respectively. At June 30, 2021 and 2020, two customers represented approximately 76% and 75% of accounts receivable, respectively. The Station has no policy requiring collateral or other security to support these amounts.

(6) **Line of Credit:**

The Station has an unsecured bank line of credit for borrowings to a maximum of \$400,000. During fiscal year 2021, the line of credit had a variable interest based on the bank's prime rate (3.25% as of June 30, 2021), with a floor rate of 5%. During fiscal year 2020, the line of credit had a variable interest rate based on the bank's prime rate (4.25% as of June 30, 2020) with a floor rate of 5%. Borrowings are payable on demand. Interest accrues on the unpaid balance until the line is paid in full. Accrued interest is repayable monthly. The line of credit is secured by any inventory, chattel paper, accounts, equipment, and several intangibles held by the Station. There were no outstanding borrowings on the line of credit as of June 30, 2021 and 2020.

(7) **Operating Leases and Other Leasing Arrangements:**

The Station leases land in Virginia from unrelated parties (on which transmitter/microwave tower facilities are located) under operating leases with terms equal to the estimated fair rental value of the property described below:

Land in Roanoke County: \$16,159 per year, expiring in June 2025.

The following is a schedule by years of future minimum payments required under this lease as of June 30, 2021:

Years Ending June 30:	Amount
2022	\$ 16,401
2023	16,647
2024	16,896
2025	17,150
Total future minimum payments	\$ 67,094

Rent expense under operating lease agreements totaled approximately \$16,000 for each of the fiscal years ended June 30, 2021 and 2020, respectively.

BLUE RIDGE PUBLIC TELEVISION, INC.
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(7) **Operating Leases and Other Leasing Arrangements:** (Continued)

The Station leases office equipment requiring basic monthly payments of approximately \$1,000 through September, 2021. Lease expense under the office equipment lease agreement totaled approximately \$12,000 for each of the fiscal years ended June 30, 2021 and 2020, respectively.

The Station's primary facility is located on land owned by the City of Roanoke for which no lease agreement is currently in force. Management estimates the fair value of the land usage to total approximately \$65,000 annually, based on a land appraisal report, and charges this amount to land rental expense and in-kind contributions per the Statement of Activities.

The Station receives revenue under three separate rental agreements for tower usage and space rental totaling approximately \$150,000 and \$144,000 for the fiscal years ended June 30, 2021 and 2020, respectively. The first rental agreement requires monthly payments of approximately \$2,200 with a 2% annual increase, and extends through December, 2021, with an option for renewal of three-year periods upon mutual agreement by the parties. The second rental agreement requires monthly payments of approximately \$500 with an annual increase or decrease in the payment based on the Consumer Price Index, and extends through December, 2030, with an option for renewal of one five-year period. The third rental agreement requires monthly payments of approximately \$10,000 with a 3% annual increase, and extends through January, 2022, with an option for up to three five-year renewals at the discretion of the lessee.

The following is a schedule by years of future minimum rental receipts under these non-cancelable leases as of June 30, 2021:

<u>Years Ending June 30:</u>	<u>Amount</u>
2022	\$ 78,640
2023	5,914
2024	5,914
2025	5,914
2026	5,914
Thereafter	26,615
Total future minimum payments	<u>\$ 128,911</u>

(8) **Community Service Grants:**

The Station receives a Community Service Grant ("CSG") from the Corporation for Public Broadcasting annually. The CSGs received and expended during the most recent fiscal years were as follows:

<u>Years of Grant</u>	<u>Grants Received</u>	<u>Expended</u>			<u>Uncommitted Balance at June 30, 2021</u>
		<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	
2020-21	\$ 675,823	\$ -	\$ -	\$ 675,823	\$ -
2019-20	662,312	-	662,312	-	-
2018-19	700,751	700,751	-	-	-

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(9) **Employee Benefit Plans:**

The Station sponsors a defined contribution plan covering substantially all eligible employees.

Employees must complete a specific period of service and attain age 21 before becoming eligible. Under the provisions of the plan, eligible employees may defer a percentage of their compensation. Total deferrals in any taxable year may not exceed a prescribed dollar limit.

The plan provides for discretionary matching contributions by the Station equal to two percent of the amount of the employee's salary and a three percent safe harbor contribution. The Station contributed \$45,193 and \$43,800 to the plan in 2021 and 2020, respectively.

(10) **Risks and Uncertainties:**

The Station is exposed to various risks of loss arising from litigation and claims in the normal course of business. The Station maintains insurance coverage to provide for risks of loss.

(11) **Master Control Agreement:**

The Station entered into a master control services agreement on July 1, 2018. The agreement is for 60 months, ending on July 31, 2023. The Station is charged \$75,000 annually for services in connection with this master control services agreement.

During the fiscal year ended June 30, 2019, the Station was awarded a supplemental Community Service Grant of \$150,000 from the CPB. \$75,000 was recognized as revenue during each of the fiscal years ended June 30, 2020 and 2019. The grant requires the Station to receive services from a qualified provider of broadcast operating services for a continuous period of at least five years. If the agreement is terminated early, the supplemental Community Service Grant funds are required to be repaid.

(12) **Refundable Advance:**

On April 14, 2020, the Station received loan proceeds in the amount of \$182,300, pursuant to the Paycheck Protection Program ("PPP") established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). Under the terms of the PPP, loan proceeds and accrued interest are forgivable if they are used for qualifying expenses such as payroll, benefits, rent and utilities, and the Station maintains its payroll levels over a specified period of time as described in the CARES Act. Any unforgiven portion of the loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. On November 4, 2020, the Station received notice the forgiveness application had been approved in full. Debt forgiveness of \$182,300 has been recognized on the statement of activities for the fiscal year ended June 30, 2021.

On February 4, 2021, the Station received loan proceeds in the amount of \$83,000, pursuant to the second round of the Paycheck Protection Program (PPP) established as part of the federal Consolidated Appropriations Act, 2021. Under the terms of the PPP, loan proceeds and accrued interest are forgivable if they are used for qualifying expenses such as payroll, benefits, rent and utilities, and the Station maintains its payroll levels over a specified period of time as described in the Consolidated Appropriations Act, 2021, during the covered period. Management intends to utilize loan proceeds for purposes consistent with the PPP and believes substantially all of the loan will be forgiven, though it is reasonably possible that conditions could arise that would make the Station ineligible for forgiveness of the loan, in whole or in part. The loan is presented separately as a refundable advance on the statement of financial position as of June 30, 2021.

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(13) Nonfederal Financial Support (NFFS):

The Corporation for Public Broadcasting (CPB) allocates a portion of its funds annually to public broadcasting entities, primarily based on NFFS. NFFS is defined as the total value of cash and the fair market value of property and services received as either a contribution or a payment and meeting all of the respective criteria for each.

A “contribution” is cash, property or services given to a public broadcasting entity for general operational purposes. Support received as a contribution by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source may be an entity except the federal government or any other public broadcasting entity; (2) the contribution may take the form of a gift, grant, bequest, donation or appropriation; (3) the purpose must be for the construction or operation of a noncommercial, educational public broadcast station or for the production, acquisition, distribution or dissemination of educational television or radio program and related activities; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station.

A “payment” is cash, property or services received by a public broadcasting entity from specific sources in exchange for specific services or materials. Support received as a payment by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source must be a state or local government or agency thereof, or an educational institution; (2) the form of the payment must be an appropriation or contract payment in exchange for specific materials or services related to public broadcasting; (3) the purpose must be for services or materials with respect to the provision of educational or instructional television or radio programs; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station.

Reported NFFS for the Station was \$1,224,176 and \$2,413,878 for the years ended June 30, 2021 and 2020, respectively.