



REPORT OF INDEPENDENT AUDITORS  
AND CONSOLIDATED FINANCIAL STATEMENTS

**OREGON PUBLIC BROADCASTING AND SUBSIDIARY**

June 30, 2022 and 2021

## Table of Contents

---

|   | PAGE  |
|---|-------|
| <b>Report of Independent Auditors</b>   | 1–2   |
| <b>Consolidated Financial Statements</b>  |       |
| Statements of financial position  | 3     |
| Statements of activities  | 4–5   |
| Statements of functional expenses   | 6–7   |
| Statements of cash flows  | 8–9   |
| Notes to financial statements   | 10–27 |
| <b>Supplementary Information</b>  |       |
| Schedule of discrete information for Corporation for Public Broadcasting community<br>service grantees consolidated in the consolidated statement of activities | 28    |

## **Report of Independent Auditors**

The Board of Directors  
Oregon Public Broadcasting and Subsidiary

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the consolidated financial statements of Oregon Public Broadcasting and Subsidiary (OPB or the Organization), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

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

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

***Other Matter***

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of discrete information for Corporation for Public Broadcasting community service grantees consolidated in the consolidated statement of activities, as required by the Corporation for Public Broadcasting, is presented for purposes of additional analysis and is 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 consolidated 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.



Portland, Oregon  
December 9, 2022

**Oregon Public Broadcasting and Subsidiary**  
**Consolidated Statements of Financial Position**

---

**ASSETS**

|  | June 30,       |                |
|--|----------------|----------------|
|  | 2022           | 2021           |
| Cash and cash equivalents                            | \$ 30,880,983  | \$ 34,422,857  |
| Underwriting and other accounts receivable, net      | 1,847,320      | 2,045,659      |
| Contributions and bequests receivable, net           | 1,407,153      | 1,726,390      |
| Investments  | 62,877,605     | 62,489,677     |
| Investments in LLC                                   | 2,741,198      | 2,581,431      |
| Investments for charitable trusts and gift annuities | 5,367,317      | 6,907,390      |
| Prepays and other assets                             | 1,608,540      | 1,335,037      |
| Property and equipment, net                          | 21,381,288     | 21,278,575     |
| Total assets   | \$ 128,111,404 | \$ 132,787,016 |

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

|  |              |              |
|--|--------------|--------------|
| Accounts payable   | \$ 2,254,965 | \$ 4,602,954 |
| Accrued liabilities  | 1,137,186    | 1,219,464    |
| Deferred revenue   | 225          | 46,865       |
| Actuarial liability for charitable trusts and gift annuities | 2,285,636    | 2,613,451    |
| Total liabilities  | 5,678,012    | 8,482,734    |

**NET ASSETS**

|   |                |                |
|---|----------------|----------------|
| Without donor restrictions                  |                |                |
| Undesignated                                | 49,288,520     | 42,859,369     |
| Board-designated                            | 56,869,159     | 62,554,533     |
| Total net assets without donor restrictions | 106,157,679    | 105,413,902    |
| With donor restrictions                     | 16,275,713     | 18,890,380     |
| Total net assets                            | 122,433,392    | 124,304,282    |
| Total liabilities and net assets            | \$ 128,111,404 | \$ 132,787,016 |

**Oregon Public Broadcasting and Subsidiary**  
**Consolidated Statement of Activities**  
**Year Ended June 30, 2022**

|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total                 |
|---|-------------------------------|----------------------------|-----------------------|
| <b>REVENUES, GAINS, AND OTHER SUPPORT</b>           |                               |                            |                       |
| Contributions                                       | \$ 33,710,222                 | \$ 890,263                 | \$ 34,600,485         |
| Other grants and contracts                          | 4,540,404                     | 4,227,034                  | 8,767,438             |
| Content creation grants and contracts               | 65,994                        | 1,777,422                  | 1,843,416             |
| Sales and services                                  | 1,427,803                     | -                          | 1,427,803             |
| Investment loss, net                                | (7,848,179)                   | (1,264,959)                | (9,113,138)           |
| Contributed nonfinancial assets                     | 349,286                       | -                          | 349,286               |
| Net assets released from restrictions and transfers | 8,244,427                     | (8,244,427)                | -                     |
|   | <u>40,489,957</u>             | <u>(2,614,667)</u>         | <u>37,875,290</u>     |
| Total revenues, gains, and other support            |                               |                            |                       |
| <b>EXPENSES</b>                                     |                               |                            |                       |
| Programming and content creation                    | 15,754,142                    | -                          | 15,754,142            |
| Broadcasting and technology                         | 8,732,648                     | -                          | 8,732,648             |
| Management and general                              | 6,980,251                     | -                          | 6,980,251             |
| Development and fundraising                         | 6,732,479                     | -                          | 6,732,479             |
| Marketing   | 1,546,660                     | -                          | 1,546,660             |
|   | <u>39,746,180</u>             | <u>-</u>                   | <u>39,746,180</u>     |
| Total expenses                                      |                               |                            |                       |
| CHANGE IN NET ASSETS                                | 743,777                       | (2,614,667)                | (1,870,890)           |
| NET ASSETS, beginning of year                       | <u>105,413,902</u>            | <u>18,890,380</u>          | <u>124,304,282</u>    |
| NET ASSETS, end of year                             | <u>\$ 106,157,679</u>         | <u>\$ 16,275,713</u>       | <u>\$ 122,433,392</u> |

**Oregon Public Broadcasting and Subsidiary**  
**Consolidated Statement of Activities**  
**Year Ended June 30, 2021**

|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total                 |
|---|-------------------------------|----------------------------|-----------------------|
| <b>REVENUES, GAINS, AND OTHER SUPPORT</b>           |                               |                            |                       |
| Contributions                                       | \$ 33,707,842                 | \$ 5,280,786               | \$ 38,988,628         |
| Other grants and contracts                          | 4,588,420                     | 4,905,467                  | 9,493,887             |
| Content creation grants and contracts               | 159,904                       | 1,310,244                  | 1,470,148             |
| Sales and services                                  | 1,706,411                     | -                          | 1,706,411             |
| Investment return, net                              | 11,636,985                    | 2,000,686                  | 13,637,671            |
| Contributed nonfinancial assets                     | 314,430                       | -                          | 314,430               |
| Net assets released from restrictions and transfers | 6,536,605                     | (6,536,605)                | -                     |
|   | <u>58,650,597</u>             | <u>6,960,578</u>           | <u>65,611,175</u>     |
| Total revenues, gains, and other support            |                               |                            |                       |
| <b>EXPENSES</b>                                     |                               |                            |                       |
| Programming and content creation                    | 14,637,065                    | -                          | 14,637,065            |
| Broadcasting and technology                         | 8,113,204                     | -                          | 8,113,204             |
| Management and general                              | 7,697,858                     | -                          | 7,697,858             |
| Development and fundraising                         | 6,703,701                     | -                          | 6,703,701             |
| Marketing   | 1,470,923                     | -                          | 1,470,923             |
|   | <u>38,622,751</u>             | <u>-</u>                   | <u>38,622,751</u>     |
| Total expenses                                      |                               |                            |                       |
| <b>CHANGE IN NET ASSETS</b>                         | 20,027,846                    | 6,960,578                  | 26,988,424            |
| <b>NET ASSETS, beginning of year</b>                | <u>85,386,056</u>             | <u>11,929,802</u>          | <u>97,315,858</u>     |
| <b>NET ASSETS, end of year</b>                      | <u>\$ 105,413,902</u>         | <u>\$ 18,890,380</u>       | <u>\$ 124,304,282</u> |

**Oregon Public Broadcasting and Subsidiary**  
**Consolidated Statement of Functional Expenses**  
**Year Ended June 30, 2022**

|   | Programming<br>and Content<br>Creation | Broadcasting<br>and<br>Technology | Management<br>and General | Development<br>and<br>Fundraising | Marketing           | Total<br>Expenses    |
|---|--|-----------------------------------|---------------------------|-----------------------------------|---------------------|----------------------|
| Salaries and wages                          | \$ 7,825,156                           | \$ 2,795,578                      | \$ 3,198,982              | \$ 2,761,716                      | \$ 781,631          | \$ 17,363,063        |
| Employee benefits and payroll taxes         | 1,656,115                              | 573,209                           | 573,122                   | 588,104                           | 169,295             | 3,559,845            |
| Personnel costs                             | 9,481,271                              | 3,368,787                         | 3,772,104                 | 3,349,820                         | 950,926             | 20,922,908           |
| Professional services and advertising       | 547,534                                | 897,440                           | 991,274                   | 2,451,030                         | 573,503             | 5,460,781            |
| Program and content fees                    | 5,256,686                              | -                                 | -                         | -                                 | -                   | 5,256,686            |
| Depreciation and amortization               | 15,985                                 | 1,678,431                         | 629,937                   | 9,709                             | -                   | 2,334,062            |
| Facilities and transmission                 | 54,904                                 | 1,055,984                         | 568,590                   | -                                 | -                   | 1,679,478            |
| Information technology and digital services | 74,133                                 | 1,200,289                         | 50,582                    | 223,873                           | 10,240              | 1,559,117            |
| Fees, insurance, taxes, and royalties       | 919                                    | 18,750                            | 464,700                   | 582,479                           | -                   | 1,066,848            |
| Technical equipment and maintenance         | 49,444                                 | 397,636                           | -                         | 970                               | -                   | 448,050              |
| Travel and staff development                | 191,916                                | 91,444                            | 58,939                    | 15,249                            | 3,914               | 361,462              |
| Office and other                            | 81,350                                 | 23,887                            | 162,670                   | 64,971                            | 8,077               | 340,955              |
| Merchandise and special events              | -                                      | -                                 | 281,455                   | 34,378                            | -                   | 315,833              |
| Total expenses                              | <u>\$ 15,754,142</u>                   | <u>\$ 8,732,648</u>               | <u>\$ 6,980,251</u>       | <u>\$ 6,732,479</u>               | <u>\$ 1,546,660</u> | <u>\$ 39,746,180</u> |



**Oregon Public Broadcasting and Subsidiary**  
**Consolidated Statement of Functional Expenses**  
**Year Ended June 30, 2021**

|   | Programming<br>and Content<br>Creation | Broadcasting<br>and<br>Technology | Management<br>and General | Development<br>and<br>Fundraising | Marketing           | Total<br>Expenses    |
|---|--|-----------------------------------|---------------------------|-----------------------------------|---------------------|----------------------|
| Salaries and wages                          | \$ 7,310,514                           | \$ 2,825,023                      | \$ 2,740,580              | \$ 2,636,152                      | \$ 672,176          | \$ 16,184,445        |
| Employee benefits and payroll taxes         | 1,565,872                              | 623,771                           | 479,648                   | 558,089                           | 149,475             | 3,376,855            |
| Personnel costs                             | <u>8,876,386</u>                       | <u>3,448,794</u>                  | <u>3,220,228</u>          | <u>3,194,241</u>                  | <u>821,651</u>      | <u>19,561,300</u>    |
| Professional services and advertising       | 638,883                                | 510,536                           | 1,072,799                 | 2,573,396                         | 636,641             | 5,432,255            |
| Program and content fees                    | 4,740,800                              | -                                 | -                         | -                                 | -                   | 4,740,800            |
| Depreciation and amortization               | -                                      | 1,492,201                         | 662,184                   | 38,835                            | -                   | 2,193,220            |
| Facilities and transmission                 | 32,454                                 | 881,203                           | 571,440                   | -                                 | -                   | 1,485,097            |
| Information technology and digital services | 60,900                                 | 1,079,505                         | 38,593                    | 218,082                           | 4,407               | 1,401,487            |
| Fees, insurance, taxes, and royalties       | 542                                    | 90,967                            | 1,517,849                 | 600,399                           | -                   | 2,209,757            |
| Technical equipment and maintenance         | 90,562                                 | 526,196                           | -                         | -                                 | -                   | 616,758              |
| Travel and staff development                | 120,256                                | 58,977                            | 29,622                    | 9,716                             | 190                 | 218,761              |
| Office and other                            | 76,282                                 | 24,825                            | 134,395                   | 35,613                            | 8,034               | 279,149              |
| Merchandise and special events              | -                                      | -                                 | 450,748                   | 33,419                            | -                   | 484,167              |
| Total expenses                              | <u>\$ 14,637,065</u>                   | <u>\$ 8,113,204</u>               | <u>\$ 7,697,858</u>       | <u>\$ 6,703,701</u>               | <u>\$ 1,470,923</u> | <u>\$ 38,622,751</u> |

## Oregon Public Broadcasting and Subsidiary Consolidated Statements of Cash Flows

|  | Years Ended June 30, |                     |
|--|----------------------|---------------------|
|  | 2022                 | 2021                |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                      |                     |
| Change in net assets   | \$ (1,870,890)       | \$ 26,988,424       |
| Adjustments to reconcile (decrease) increase in net assets to net cash from operating activities |                      |                     |
| Depreciation and amortization  | 2,334,062            | 2,193,220           |
| Net realized and unrealized loss (gain) on investments   | 10,232,648           | (10,963,917)        |
| (Loss) gain on charitable trusts and gift annuities  | 992,161              | (1,104,313)         |
| Contributions of charitable trusts and gift annuities  | (16,467)             | (172,321)           |
| (Gain) loss on disposal of property and equipment  | (49,982)             | 88,079              |
| Gain on investments in LLC   | (357,098)            | (410,820)           |
| Changes in operating assets and liabilities  |                      |                     |
| Underwriting and other accounts receivable   | 198,339              | 540,681             |
| Contributions and bequests receivable  | 319,237              | 1,663,887           |
| Prepays and other assets   | (309,491)            | 42,155              |
| Accounts payable   | (2,708,810)          | 1,462,759           |
| Accrued liabilities  | (82,278)             | 119,400             |
| Deferred revenue   | (46,640)             | (76,031)            |
| Contributions, restricted grants, and other income   |                      |                     |
| Building, equipment and technology   | (61,000)             | (117,550)           |
| Net cash from operating activities   | <u>8,573,791</u>     | <u>20,253,653</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                      |                     |
| Purchase of investments  | (39,832,740)         | (36,406,005)        |
| Proceeds from sale of investments  | 29,212,164           | 24,856,085          |
| Purchase of property and equipment   | (2,054,034)          | (705,286)           |
| Proceeds from sale of property and equipment   | 64,050               | -                   |
| Contributions to LLC   | (2,669)              | (2,322)             |
| Distributions from LLC   | 200,000              | 200,000             |
| Net cash from investing activities   | <u>(12,413,229)</u>  | <u>(12,057,528)</u> |

## Oregon Public Broadcasting and Subsidiary Consolidated Statements of Cash Flows

|  | Years Ended June 30, |               |
|--|----------------------|---------------|
|  | 2022                 | 2021          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                      |                      |               |
| Proceeds from matured annuities and trusts                                       | \$ 200,441           | \$ 374,864    |
| Proceeds from distributions of trusts  | 36,123               | 32,765        |
| Contributions, restricted grants, and other income:                              |                      |               |
| Building, equipment and technology   | 61,000               | 117,550       |
| Net cash from financing activities   | 297,564              | 525,179       |
| <b>CHANGE IN CASH AND CASH EQUIVALENTS</b>                                       | (3,541,874)          | 8,721,304     |
| <b>CASH AND CASH EQUIVALENTS, beginning of year</b>                              | 34,422,857           | 25,701,553    |
| <b>CASH AND CASH EQUIVALENTS, end of year</b>                                    | \$ 30,880,983        | \$ 34,422,857 |
| <b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING<br/>AND FINANCING ACTIVITIES</b> |                      |               |
| Purchase of property and equipment financed through<br>accounts payable          | \$ 360,821           | \$ 469,685    |
| Assets purchased under capital lease   | \$ -                 | \$ 21,832     |

# **Oregon Public Broadcasting and Subsidiary**

## **Notes to Consolidated Financial Statements**

---

### **Note 1 – Organization and Nature of Operations**

Oregon Public Broadcasting (OPB) is a not-for-profit public broadcasting corporation incorporated in Oregon. OPB operates a network of five television and sixteen radio stations located in Oregon, serving Oregon and southern Washington. OPB also operates radio station KMHD, which is licensed to Mt. Hood Community College in Oregon.

On March 20, 2018, R273084 LLC was formed for the purpose of operating and managing OPB's north parking lot, located at OPB's headquarters. OPB holds a 100% membership interest in the LLC. OPB contributed the real property to the LLC as of March 20, 2018 and leases the property from the LLC at a cost of \$1 per year.

### **Note 2 – Summary of Significant Accounting Policies**

#### **Basis of accounting**

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, which is consistent with the Financial Reporting Guidelines Supplemental Guide issued by the Corporation for Public Broadcasting.

#### **Principles of consolidation**

The consolidated financial statements include the accounts of Oregon Public Broadcasting and R273084 LLC (collectively, the Organization). All significant intercompany accounts and transactions have been eliminated.

#### **Financial statement presentation**

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

*Without donor restrictions* – Net assets available for use in general operations and not subject to donor-imposed stipulations. OPB's Board of Directors has designated the use of various contributions for their discretion. The funds are used to meet operating and capital needs.

*With donor restrictions* – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of OPB and/or the passage of time. When a restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Also included in this category are net assets subject to donor-imposed stipulations which must be maintained in perpetuity by OPB. Generally, the donors of these assets permit the use of all or part of the income earned on any related investments for general or specific purposes.

## **Oregon Public Broadcasting and Subsidiary Notes to Consolidated Financial Statements**

---

### **Note 2 – Summary of Significant Accounting Policies (continued)**

#### **Use of estimates**

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

#### **Recently adopted standards**

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The new standard, as amended, is to be applied retrospectively, to annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. The standard did not have a material impact on the consolidated financial statements. The Organization had updated disclosures as necessary (See Note 10 – Contributed Nonfinancial Assets).

#### **Cash and cash equivalents**

All cash and highly liquid investments with maturities of three months or less at the date of acquisition are considered cash and cash equivalents except cash equivalents intended to be used in investments.

#### **Underwriting, other accounts receivable, and contributions and bequests receivable**

OPB's receivables are unsecured, do not bear interest, and are stated at amounts estimated by management to be the net realizable value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Bequests and estates are recorded upon completion of the probate process and are expected to be collected within a year. Amortization of the discount is recorded as additional contribution revenue. An allowance for uncollectible receivables is provided based upon management's judgment, including such factors as prior collection history and type of receivable. Accounts are charged off when all collection efforts have been exhausted.

#### **Investments and investment return**

Investments in money market funds and marketable equity securities with readily determinable fair values are valued at their fair values in the consolidated statements of financial position. Net investment return is reported in the consolidated statements of activities and consists of interest and dividend income and realized and unrealized gains and losses, less external and direct internal investment expenses.

Fair values of certain private equity and hedge fund investments held through limited partnerships or commingled funds are estimated using net asset value (NAV) as a practical expedient.

# Oregon Public Broadcasting and Subsidiary

## Notes to Consolidated Financial Statements

---

### Note 2 – Summary of Significant Accounting Policies (continued)

#### Investments in LLC

The Organization accounts for its investment in limited liability companies using the equity method of accounting. Under the equity method, earnings and losses are recorded by the Organization based upon its percentage of ownership interest. Distributions of funds to the Organization reduce ownership interest while additional Organization advances increase ownership interest.

#### Assets held in charitable trusts and gift annuities

OPB serves as the trustee for various charitable trusts and gift annuities. Under the terms of these agreements, OPB makes distributions to income beneficiaries for a given term or for the life of the beneficiaries. Assets remaining in the trust and annuity will be transferred to OPB at the end of the term or upon death of the beneficiaries.

OPB classifies the assets held in charitable trusts and gift annuities as investments, which are recorded at their fair value. The related liability is recorded at the estimated present value of the amounts due to the income beneficiaries.

In addition, OPB includes beneficial interests in net assets within assets held in charitable trusts and private foundations. OPB is not the trustee and does not exercise control over these assets. Assets are recorded at fair value.

#### Prepays and other assets

Prepays and other assets consist primarily of prepaid leases, broadcast licenses, and miscellaneous prepaid expenses. Prepaid leases are amortized over the lease term of 10 to 20 years using the straight-line method.

#### Property and equipment

Property and equipment are valued at historical cost. Donated property and equipment are valued at estimated fair value on the date of receipt. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets as follows:

|                            |              |
|----------------------------|--------------|
| Buildings and improvements | 9 – 50 years |
| Equipment                  | 3 – 15 years |
| Computer software          | 2 – 10 years |

New equipment and expenditures for major repairs and improvements exceeding \$5,000 are capitalized; conversely, expenditures for minor repairs and maintenance costs are expensed when incurred.

#### Actuarial liability for charitable trusts and gift annuities

The actuarial liability for charitable trusts and gift annuities has been computed using a discount factor of 3% and an estimated life expectancy of annuitants based on applicable mortality tables.

## Oregon Public Broadcasting and Subsidiary Notes to Consolidated Financial Statements

---

### Note 2 – Summary of Significant Accounting Policies (continued)

#### Revenue and revenue recognition

*Contributions* – Unconditional contributions and promises to give are recognized as revenue in the period committed or received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are recognized when the conditions are substantially met. Contributions restricted by the donor are recorded as net assets with donor restrictions. At June 30, 2022 and 2021, OPB had received no contributions which contain conditions that have not been met.

*Grants and contracts* – A portion of the Organization’s revenue is derived from grants and contracts, some of which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with the specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the consolidated statements of financial position. Refundable advances, recorded within deferred revenue on the consolidated statements of financial position of \$46,865 were recorded at June 30, 2021. There were no refundable advances recorded at June 30, 2022. For grants and contracts that are not subject to conditions, revenue is recognized when committed, if they are without donor restrictions, and when earned, if they are with donor restrictions, as the purpose or time restriction is met. When the restrictions are satisfied, the amounts with donor restrictions are released to net assets without donor restrictions. Revenues under cost reimbursement contracts are considered earned when expenses, which are subject to reimbursement by the granting agency, are incurred.

*Sales and services* – Sales and services revenues are recognized at the time services are provided and the revenues are earned, which is generally a point in time. Any amounts received before being earned are recorded as deferred revenue. No deferred revenue related to sales and services is recorded as of June 30, 2021. Deferred revenues related to sales and services totaling \$225 is recorded as of June 30, 2022.

*Contributed nonfinancial assets* – The Organization reports gifts of donated services and materials at fair value as revenues without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as revenues with donor restrictions. Absent donor stipulations about how long those long-lived assets must be maintained; the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

#### Advertising costs

Advertising and development funding promotion costs are expensed as incurred and aggregated \$147,589 and \$139,099 for the years ended June 30, 2022 and 2021, respectively, and are recorded in professional services and advertising on the consolidated statements of functional expenses.

## **Oregon Public Broadcasting and Subsidiary**

### **Notes to Consolidated Financial Statements**

---

#### **Note 2 – Summary of Significant Accounting Policies (continued)**

##### **Fundraising expenses**

All costs attributable to the production, printing, and mailing of literature to the public, that have both an educational and fundraising appeal, have been recorded in the development and fundraising expenses within the consolidated statements of functional expenses as they do not meet the requirements for the allocation of joint costs as provided by accounting standards.

##### **Functional allocation of expenses**

The costs of OPB's various activities and programs have been summarized on a functional basis in the accompanying consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on various methods, including categories based on time expended, usage, and other methods. In general, the expenses that are allocated are based upon the percentage of staff's direct and indirect time related to the specific programs.

##### **Income taxes**

OPB is a tax-exempt organization and is not subject to federal or state income taxes, except for unrelated business income, in accordance with Section 501(c)(3) of the Internal Revenue Code. In addition, OPB qualified for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1). As a single-member LLC, R273084 LLC is a disregarded entity for tax purposes. Unrelated business income tax, if any, is insignificant and no tax provision has been made in the accompanying consolidated financial statements.

The Organization recognizes the tax benefit from uncertain tax positions, if any, only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Organization recognizes interest accrued and penalties related to tax matters, if any, in fees, insurance, taxes, and royalties expense.

The Organization had no unrecognized tax benefits at June 30, 2022 or 2021. No interest and penalties were accrued for the years ended June 30, 2022 or 2021. The Organization files an exempt organization return and unrelated business income tax return in the U.S. federal jurisdiction and a corporate tax return in Oregon.



## Oregon Public Broadcasting and Subsidiary Notes to Consolidated Financial Statements

---

### Note 2 – Summary of Significant Accounting Policies (continued)

#### Subsequent events

Subsequent events are events or transactions that occur after the consolidated statement of financial position date but before consolidated financial statements are available to be issued. The Organization recognizes in the consolidated financial statements, the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial position, including the estimates inherent in the process of preparing the consolidated financial statements. The Organization's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statement of financial position but arose after the consolidated statement of financial position date and before consolidated financial statements are available to be issued. The Organization has evaluated subsequent events through December 9, 2022, which is the date the consolidated financial statements were available to be issued.

### Note 3 – Liquidity and Availability

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

|   | <u>2022</u>          | <u>2021</u>         |
|---|----------------------|---------------------|
| Cash and cash equivalents                                       | \$ 30,880,983        | \$ 34,422,857       |
| Underwriting and other accounts receivable, net                 | 1,847,320            | 2,045,659           |
| Contributions and bequests receivable due in less than one year | 836,709              | 1,086,009           |
| Level I investments   | 57,205,827           | 49,337,853          |
| Less: Board-designated net assets, net of annuities             | (55,364,692)         | (60,309,416)        |
| Net assets with donor restrictions, net of trusts               | <u>(14,698,500)</u>  | <u>(16,841,558)</u> |
|   | <u>\$ 20,707,647</u> | <u>\$ 9,741,404</u> |

As part of OPB's liquidity management plan, OPB invests cash in excess of daily requirements in short-term investments and money market funds. Occasionally, the Board designates a portion of net assets without donor restrictions to Board-designated net assets, which totaled \$56,869,159 and \$62,554,533 at June 30, 2022 and 2021, respectively.

As further disclosed in Note 16, OPB may withdraw all or any part of the Board-designated endowment funds upon the affirmative vote of at least 80 percent of the Board of Directors.

## Oregon Public Broadcasting and Subsidiary

### Notes to Consolidated Financial Statements

---

#### Note 4 – Underwriting and Other Accounts Receivable

Underwriting and other accounts receivable consist of the following at June 30:

|   | <u>2022</u>         | <u>2021</u>         |
|---|---------------------|---------------------|
| Underwriting  | \$ 1,694,869        | \$ 1,757,139        |
| Content creation  | 39,417              | 195,171             |
| Other   | <u>212,463</u>      | <u>198,778</u>      |
| Total underwriting and other accounts receivable                          | 1,946,749           | 2,151,088           |
| Less reserve for uncollectible underwriting and other accounts receivable | <u>(99,429)</u>     | <u>(105,429)</u>    |
| Underwriting and other accounts receivable, net                           | <u>\$ 1,847,320</u> | <u>\$ 2,045,659</u> |

#### Note 5 – Contributions and Bequests Receivable

Contributions and bequests receivable after one year are discounted using an adjusted risk-free interest rate commensurate with the period over which the contribution will be received for the years ended June 30, 2022 and 2021, which approximated 3%. The annual payments are scheduled to be received as follows at June 30:

|   | <u>2022</u>         | <u>2021</u>         |
|---|---------------------|---------------------|
| Contributions and bequests receivable due in less than one year | \$ 836,709          | \$ 1,086,009        |
| Contributions and bequests receivable due in one to five years  | <u>608,042</u>      | <u>690,203</u>      |
|   | 1,444,751           | 1,776,212           |
| Less unamortized discount                                       | <u>(37,598)</u>     | <u>(49,822)</u>     |
| Contributions and bequests receivable, net                      | <u>\$ 1,407,153</u> | <u>\$ 1,726,390</u> |

At June 30, 2022 and 2021, no contributions or bequests receivable amounts were past due. Allowances for doubtful accounts are established based on prior collection history and current economic factors. Based on the timeliness of payments received, no allowance has been established at June 30, 2022 or 2021.

## Oregon Public Broadcasting and Subsidiary Notes to Consolidated Financial Statements

---

### Note 6 – Investments

Investments, presented by type, are as follows at June 30:

|  | 2022          | 2021          |
|--|---------------|---------------|
| Investments, at fair value                 |               |               |
| Money market funds                         | \$ 495,611    | \$ 400,243    |
| Equity securities                          |               |               |
| Mutual funds – fixed income                | 18,193,574    | 12,731,776    |
| Mutual funds – international equities      | 12,369,777    | 11,799,792    |
| Mutual funds – U.S. equities focused       | 12,524,237    | 11,900,924    |
| Mutual funds – real return                 | 7,389,369     | 7,552,526     |
| Exchange traded funds – public real estate | 6,233,259     | 4,952,592     |
| Alternative investments                    |               |               |
| Hedge funds                                | -             | 6,863,390     |
| Private equity                             | 5,662,758     | 6,278,794     |
|  | 62,868,585    | 62,480,037    |
| Total investments at fair value            |               |               |
| Other investments, at cost                 |               |               |
| Miscellaneous                              | 9,020         | 9,640         |
|  | \$ 62,877,605 | \$ 62,489,677 |
| Total investments                          |               |               |

Alternative investments totaling \$5,662,758 and \$13,142,184 at June 30, 2022 and 2021, respectively, include investments in hedge funds and private equity holdings. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed. Due to the risks associated with certain investments and the level of uncertainty related to changes in the value of the investment securities, it is at least reasonably possible that changes in risk in the near term could materially affect account balances and the amounts reported in the consolidated statements of financial position and statements of activities.

## Oregon Public Broadcasting and Subsidiary

### Notes to Consolidated Financial Statements

---

#### Note 7 – Property and Equipment

Property and equipment consist of the following at June 30:

|  | <u>2022</u>                 | <u>2021</u>                 |
|--|-----------------------------|-----------------------------|
| Land   | \$ 2,861,540                | \$ 2,861,540                |
| Buildings and improvements                     | 21,428,852                  | 21,297,897                  |
| Equipment and computer software                | <u>26,925,592</u>           | <u>25,747,614</u>           |
| Total property and equipment                   | 51,215,984                  | 49,907,051                  |
| Less accumulated depreciation and amortization | <u>(31,081,682)</u>         | <u>(29,068,101)</u>         |
|  | 20,134,302                  | 20,838,950                  |
| Construction in progress                       | <u>1,246,986</u>            | <u>439,625</u>              |
| Property and equipment, net                    | <u><u>\$ 21,381,288</u></u> | <u><u>\$ 21,278,575</u></u> |

Depreciation expense for the years ended June 30, 2022 and 2021 was \$2,298,074 and \$2,146,231, respectively.

#### Note 8 – Commitments and Contingencies

##### Operating leases

OPB is committed under various noncancellable long-term leases for property and equipment expiring through fiscal year ending June 30, 2028. The aggregate minimum rental commitments under the leases are as follows:

|                       |            |                          |
|-----------------------|------------|--------------------------|
| Years ending June 30, | 2023       | \$ 141,213               |
|                       | 2024       | 147,373                  |
|                       | 2025       | 148,442                  |
|                       | 2026       | 115,361                  |
|                       | 2027       | 70,379                   |
|                       | Thereafter | <u>33,985</u>            |
|                       |            | <u><u>\$ 656,753</u></u> |

Rental expense was \$294,749 and \$219,065 for the years ended June 30, 2022 and 2021, respectively.

##### National Telecommunications Information Administration (NTIA)

The federal government has a ten-year priority lien on any facility and equipment purchased with funds from the NTIA. The lien is to ensure that broadcasting facilities funded with federal monies will continue to be used to provide public broadcasting services to the public during the period of federal interest.

## Oregon Public Broadcasting and Subsidiary Notes to Consolidated Financial Statements

---

### Note 8 – Commitments and Contingencies (continued)

#### Capital purchases

At June 30, 2022, OPB has a capital purchase commitment of \$931,313, for software and equipment.

#### Grant revenues

The grant revenues reported in the accompanying consolidated statements of activities are subject to audit and adjustment by grantor agencies. Grant revenues relating to costs, which may be ultimately questioned or disallowed by the grantor agencies, may become a liability of OPB as a result of audit findings.

### Note 9 – Fair Value of Assets

Accounting literature 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 market participants at the measurement date. OPB determines fair value based on quoted prices when available or through the use of alternative approaches, such as matrix or model pricing, when market quotes are not readily accessible or available. The valuation techniques used are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect OPB's market assumptions. These two types of inputs create the following hierarchy:

**Level I** – Quoted prices in active markets for identical assets.

**Level II** – Quoted prices for similar instruments in active markets, quoted prices for similar instruments in markets that are not active, and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

**Level III** – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available. OPB's own data used to develop unobservable inputs is also adjusted for market consideration when reasonably available.

OPB used the following methods and significant assumptions to estimate fair value for its assets measured and carried at fair value in the consolidated financial statements:

*Investments and investments for charitable trusts and gift annuities* – Investments are comprised of marketable equity securities as well as alternative investments. Marketable equity securities fair values are based on quoted market prices. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities. Alternative investments are valued at net asset value as reported by the fund managers and valuation experts, using relevant market data, and are subject to regular review by OPB's management and the Finance and Investment Committee. There were no changes in the valuation methodologies used by the Organization for the years ended June 30, 2022 or 2021.

## Oregon Public Broadcasting and Subsidiary

### Notes to Consolidated Financial Statements

---

#### Note 9 – Fair Value of Assets (continued)

*Beneficial interest in trust assets* – The Organization’s beneficial interest in trust assets is recorded at fair value based upon the fair value of the underlying trust assets as determined by the third-party trustee, which is based on quoted market prices. The third-party trustee controls the investments in the trust and makes all management and investment decisions.

The following is a summary categorization of OPB’s assets based on the level of inputs utilized in determining the value of such assets at June 30, 2022:

|   | Level I              | Level II    | Level III         | Total                |
|---|----------------------|-------------|-------------------|----------------------|
| Investments   |                      |             |                   |                      |
| Money market funds  | \$ 495,611           | \$ -        | \$ -              | \$ 495,611           |
| Equity securities   |                      |             |                   |                      |
| Mutual funds – fixed income                               | 18,193,574           | -           | -                 | 18,193,574           |
| Mutual funds – international equities                     | 12,369,777           | -           | -                 | 12,369,777           |
| Mutual funds – U.S. equities focused                      | 12,524,237           | -           | -                 | 12,524,237           |
| Mutual funds – real return                                | 7,389,369            | -           | -                 | 7,389,369            |
| Exchange traded fund – public real estate                 | 6,233,259            | -           | -                 | 6,233,259            |
| Total investments at fair value                           | 57,205,827           | -           | -                 | 57,205,827           |
| Assets held in charitable trusts                          |                      |             |                   |                      |
| Money market funds  | 61,044               | -           | -                 | 61,044               |
| Mutual funds – equities                                   | 2,541,638            | -           | -                 | 2,541,638            |
| Mutual funds – fixed income                               | 1,689,313            | -           | -                 | 1,689,313            |
| Mutual funds – real estate                                | 222,824              | -           | -                 | 222,824              |
| Beneficial interest in trust assets                       | -                    | -           | 852,498           | 852,498              |
| Total assets held in charitable trusts and gift annuities | 4,514,819            | -           | 852,498           | 5,367,317            |
| Investments measured at NAV (practical expedient)         |                      |             |                   | 5,662,758            |
|   | <u>\$ 61,720,646</u> | <u>\$ -</u> | <u>\$ 852,498</u> | <u>\$ 68,235,902</u> |

## Oregon Public Broadcasting and Subsidiary Notes to Consolidated Financial Statements

### Note 9 – Fair Value of Assets (continued)

The following is a summary categorization of OPB's assets based on the level of inputs utilized in determining the value of such assets at June 30, 2021:

|  | Level I              | Level II    | Level III           | Total                |
|--|----------------------|-------------|---------------------|----------------------|
| <b>Investments</b>   |                      |             |                     |                      |
| Money market funds   | \$ 400,243           | \$ -        | \$ -                | \$ 400,243           |
| <b>Equity securities</b>   |                      |             |                     |                      |
| Mutual funds – fixed income                                      | 12,731,776           | -           | -                   | 12,731,776           |
| Mutual funds – international equities                            | 11,799,792           | -           | -                   | 11,799,792           |
| Mutual funds – U.S. equities focused                             | 11,900,924           | -           | -                   | 11,900,924           |
| Mutual funds – real return                                       | 7,552,526            | -           | -                   | 7,552,526            |
| Exchange traded fund – public real estate                        | 4,952,592            | -           | -                   | 4,952,592            |
| <b>Total investments at fair value</b>                           | <b>49,337,853</b>    | <b>-</b>    | <b>-</b>            | <b>49,337,853</b>    |
| <b>Assets held in charitable trusts</b>                          |                      |             |                     |                      |
| Money market funds   | 212,995              | -           | -                   | 212,995              |
| Mutual funds – equities  | 3,330,983            | -           | -                   | 3,330,983            |
| Mutual funds – fixed income                                      | 2,007,789            | -           | -                   | 2,007,789            |
| Mutual funds – real estate                                       | 273,626              | -           | -                   | 273,626              |
| Beneficial interest in trust assets                              | -                    | -           | 1,081,997           | 1,081,997            |
| <b>Total assets held in charitable trusts and gift annuities</b> | <b>5,825,393</b>     | <b>-</b>    | <b>1,081,997</b>    | <b>6,907,390</b>     |
| Investments measured at NAV (practical expedient)                |                      |             |                     | <u>13,142,184</u>    |
|  | <u>\$ 55,163,246</u> | <u>\$ -</u> | <u>\$ 1,081,997</u> | <u>\$ 69,387,427</u> |

OPB uses the Net Asset Value (NAV) to determine the fair value of all the underlying investments which (a) do not have a readily determinable fair value and (b) prepare their consolidated financial statements consistent with the measurement principles or have the attributes of an investment company. The following table lists investments held at NAV by major category:

|                          | Fair Value at<br>June 30, 2022 | Unfunded<br>Commitments | Timing to Draw<br>Down |             | Redemption | Redemption    | Other<br>Restrictions |
|--------------------------|--------------------------------|-------------------------|------------------------|-------------|------------|---------------|-----------------------|
|                          |                                |                         | Remaining Life         | Commitments | Frequency  | Notice Period |                       |
| Private equity funds (a) | \$ 5,662,758                   | \$ -                    | N/A                    | N/A         | N/A        | N/A           | None                  |
|                          | <u>\$ 5,662,758</u>            | <u>\$ -</u>             |                        |             |            |               |                       |

(a) Multi-cap investment strategy, in the U.S. and international.

## Oregon Public Broadcasting and Subsidiary

### Notes to Consolidated Financial Statements

---

#### Note 10 – Contributed Nonfinancial Assets

Donated programming and other services by functional classification are as follows at June 30:

|                                  | <u>2022</u>       | <u>2021</u>       |
|----------------------------------|-------------------|-------------------|
| Broadcasting and technology      | \$ 128,219        | \$ 90,703         |
| Marketing                        | 84,095            | 105,708           |
| Management and general           | 71,750            | 72,950            |
| Programming and content creation | 36,000            | 18,432            |
| Development and fundraising      | 29,222            | 26,637            |
|                                  | <u>\$ 349,286</u> | <u>\$ 314,430</u> |

The majority of contributed nonfinancial assets are services and materials. The estimated fair value of these services is based on information provided by third parties and market prices. None of the contributed nonfinancial assets contain donor restrictions at June 30, 2022 or 2021. A substantial number of volunteers donate significant amounts of their time to OPB's program services. These donated hours are a necessary part of OPB's activities since its services could not be sustained at the current level without such support. The services contributed do not enhance nonfinancial assets or require specialized skills. Therefore, no dollar amounts have been reflected in the accompanying consolidated financial statements for these services.

It is OPB's policy to sell all contributed vehicles immediately upon receipt at auction or for salvage unless the vehicle is restricted for use in a specific program by the donor. No vehicles received during the years ended June 30, 2022 or 2021 were restricted to use, and all vehicles received during the years ended June 30, 2022 and 2021 were sold and valued according to the actual cash proceeds on their disposition which approximated the date of donation. Due to the timing, all amounts received for contributed vehicles are recorded in contributions on the consolidated statements of activities which totaled \$2,650,303 and \$3,257,980 for the years ended June 20, 2022 and 2021, respectively.

#### Note 11 – Retirement Plan

OPB has a defined contribution plan which is open to all OPB employees who have completed one year of service. OPB's contributions are based on a percentage of eligible compensation and benefits are fully vested. Contributions totaled \$907,569 and \$885,362 during the years ended June 30, 2022 and 2021, respectively.



## Oregon Public Broadcasting and Subsidiary Notes to Consolidated Financial Statements

---

### Note 12 – Investment in LLC

OPB has an investment in Skyline Tower, LLC which was formed to construct and operate a transmission tower and facilities which holds both radio and television antennas. OPB and the other LLC member contribute on an equal basis the capital necessary to operate this tower. For the years ended June 30, 2022 and 2021, OPB made no contributions. Summarized financial information for the LLC, which is accounted for under the equity method due to OPB's significant interest, consisted of the following at June 30:

|                                 | 2022<br>(Unaudited) | 2021<br>(Unaudited) |
|---------------------------------|---------------------|---------------------|
| Current assets                  | \$ 3,256,343        | \$ 2,842,734        |
| Noncurrent assets               | 1,491,449           | 1,590,450           |
| Total assets                    | \$ 4,747,792        | \$ 4,433,184        |
| Current liabilities             | \$ 36,834           | \$ 32,819           |
| Total liabilities               | 36,834              | 32,819              |
| Equity, beginning of year       | 4,400,365           | 3,982,423           |
| Gain from continuing operations | 710,593             | 817,942             |
| Member distributions            | (400,000)           | (400,000)           |
| Equity, end of year             | 4,710,958           | 4,400,365           |
| Total liabilities and equity    | \$ 4,747,792        | \$ 4,433,184        |

### Note 13 – Concentration of Credit Risk

Financial instruments that potentially subject OPB to concentrations of credit risk consist principally of cash and cash equivalents, investments, and unsecured accounts receivable. OPB places substantially all of its cash and liquid investments with financial institutions; however, cash balances may periodically exceed federally insured limits. Marketable securities, consisting of both debt and equity instruments, are generally placed in a variety of managed funds administered by an investment manager. Unsecured receivables are due from a variety of sources. To date, OPB has not experienced losses at these institutions.

## Oregon Public Broadcasting and Subsidiary

### Notes to Consolidated Financial Statements

---

#### Note 14 – Net Assets Released from Restrictions

Net assets relating to restricted contributions and grants are released from net assets with donor restrictions to net assets without donor restrictions when OPB incurs expenses satisfying the restricted purposes or when other events specified by donors occur. Net assets were released from restrictions for the following purposes at June 30:

|   | <u>2022</u>         | <u>2021</u>         |
|---|---------------------|---------------------|
| Restricted purposes accomplished            |                     |                     |
| Programming and promotion                   | \$ 5,291,404        | \$ 3,725,479        |
| Content creation                            | 2,502,982           | 2,344,792           |
| Building improvements and equipment         | 168,200             | 266,500             |
| Internships and fellowships                 | 107,743             | 81,746              |
| Broadcasting and technology                 | 35,988              | 35,988              |
| Fundraising                                 | 17,762              | -                   |
| Employee mentorship, training, and benefits | 2,526               | 1,000               |
| Endowment earnings                          | -                   | 81,100              |
|   | <u>\$ 8,244,427</u> | <u>\$ 6,536,605</u> |

#### Note 15 – Net Assets with Donor Restrictions

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

|  | <u>2022</u>          | <u>2021</u>          |
|--|----------------------|----------------------|
| Endowment funds that are required to be restricted either by explicit donor stipulation or by UPMIFA |                      |                      |
| Programming and content creation   | \$ 2,751,951         | \$ 2,376,420         |
| General operations   | 957,050              | 956,810              |
| Endowment cumulative earnings  | 798,552              | 1,601,419            |
| Internships  | 179,975              | 179,975              |
| Capital improvements   | 43,000               | 43,000               |
| Total endowments   | 4,730,528            | 5,157,624            |
| Trusts and beneficial interests held for endowment   | 621,296              | 864,929              |
| Non-endowment, purpose-restricted funds  |                      |                      |
| Programming and content creation   | 9,352,162            | 10,896,506           |
| Charitable trusts and beneficial interests   | 955,917              | 1,183,893            |
| Internships and fellowships  | 415,363              | 536,241              |
| Employee mentorship, training, and benefits  | 97,724               | 100,250              |
| Building, equipment, and software  | 95,455               | 150,937              |
| Fundraising  | 7,268                | -                    |
| Total net assets with donor restrictions   | <u>\$ 16,275,713</u> | <u>\$ 18,890,380</u> |

## Oregon Public Broadcasting and Subsidiary Notes to Consolidated Financial Statements

---

### Note 16 – Endowments

OPB's endowment consists of approximately 24 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

OPB invests its endowment investment portfolio and allocates the related earnings for expenditure in accordance with the total return concept. OPB uses a spending rate set annually by the Board of Directors, and absent substantial changes in market or other economic conditions, the rate will be 5% of the average fair value of the fund. The average fair value is based on the fair value of the prior twelve quarters through the calendar year-end proceeding the fiscal year in which the distribution is planned. OPB may withdraw all or any part of the Board-designated endowment funds upon the affirmative vote of at least 80 percent of the Board of Directors.

OPB has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that OPB must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results over the long-term that meet or exceed the aggregate amount needed to support both the endowment spending policy and growth in principal commensurate with the rate of inflation.

To satisfy its long-term rate-of-return objectives, OPB relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). OPB targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

OPB applies the Uniform Prudent Management of Institutional Funds Act (UPMIFA or the Act). The Board of Directors of OPB has interpreted the Act 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, OPB retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

## Oregon Public Broadcasting and Subsidiary

### Notes to Consolidated Financial Statements

---

#### Note 16 – Endowments (continued)

Donor-restricted amounts not maintained in perpetuity are subject to appropriation for expenditure by OPB in a manner consistent with the standard of prudence prescribed by the Act. In accordance with the Act, OPB considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of OPB and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of OPB
- (7) The investment policies of OPB

*Funds with deficiencies* – From time to time, the fair value of assets associated with the endowment fund may fall below the level stipulated to be retained as the fund of perpetual duration. Deficiencies of this nature are reported in unrestricted net assets, and subsequent gains that restore the fair value of the assets of the endowment fund to the required level are recorded as an increase in unrestricted net assets. There was a deficiency in the endowment balance of \$83,463 as of June 30, 2022. The endowment's fair value totaled \$777,662. There was no deficiency in the endowment fund balance as of June 30, 2021.

Changes in the endowment net assets for the year ended June 30, 2022 are as follows:

|  | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>         |
|--|---------------------------------------|------------------------------------|----------------------|
| Endowment net assets,<br>June 30, 2021               | \$ 62,554,533                         | \$ 5,157,624                       | \$ 67,712,157        |
| Investment return                                    | (8,055,334)                           | (618,237)                          | (8,673,571)          |
| Contributions and Board designations                 | 4,126,040                             | 375,771                            | 4,501,811            |
| Appropriation of endowment assets<br>for expenditure | <u>(1,756,080)</u>                    | <u>(184,630)</u>                   | <u>(1,940,710)</u>   |
| Endowment net assets, end of year<br>June 30, 2022   | <u>\$ 56,869,159</u>                  | <u>\$ 4,730,528</u>                | <u>\$ 61,599,687</u> |

## Oregon Public Broadcasting and Subsidiary Notes to Consolidated Financial Statements

---

### Note 16 – Endowments (continued)

Changes in the endowment net assets for the year ended June 30, 2021 are as follows:

|  | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>         |
|--|---------------------------------------|------------------------------------|----------------------|
| Endowment net assets,<br>June 30, 2020               | \$ 36,583,791                         | \$ 3,799,409                       | \$ 40,383,200        |
| Investment return                                    | 11,356,981                            | 1,041,621                          | 12,398,602           |
| Contributions  | 16,216,775                            | 500,480                            | 16,717,255           |
| Appropriation of endowment assets<br>for expenditure | <u>(1,603,014)</u>                    | <u>(183,886)</u>                   | <u>(1,786,900)</u>   |
| Endowment net assets, end of year<br>June 30, 2021   | <u>\$ 62,554,533</u>                  | <u>\$ 5,157,624</u>                | <u>\$ 67,712,157</u> |

During 2021, the Board of Directors approved designating \$11,000,000 to the Organization's Board-designated endowment.

## **Supplementary Information**

---

**Oregon Public Broadcasting and Subsidiary**  
**Schedule of Discrete Information for Corporation for Public Broadcasting**  
**Community Services Grantees**  
**Consolidated in the Consolidated Statement of Activities**  
**Year Ended June 30, 2022**

---

|                                       | <u>Television</u>    | <u>Radio</u>         | <u>Total</u>         |
|---------------------------------------|----------------------|----------------------|----------------------|
| <b>REVENUES</b>                       |                      |                      |                      |
| Contributions                         | \$ 16,836,215        | \$ 17,764,270        | \$ 34,600,485        |
| Other grants and contracts            | 3,749,782            | 5,017,656            | 8,767,438            |
| Content creation grants and contracts | 980,684              | 862,732              | 1,843,416            |
| Sales and services                    | 1,122,556            | 305,247              | 1,427,803            |
| Investment loss, net                  | (4,596,415)          | (4,516,723)          | (9,113,138)          |
| Donated services and materials        | 115,922              | 233,364              | 349,286              |
|                                       | <u>18,208,744</u>    | <u>19,666,546</u>    | <u>37,875,290</u>    |
| <b>EXPENSES</b>                       |                      |                      |                      |
| Programming and content creation      | 6,916,884            | 8,837,258            | 15,754,142           |
| Broadcasting and technology           | 4,690,087            | 4,042,561            | 8,732,648            |
| Management and general                | 3,570,365            | 3,409,886            | 6,980,251            |
| Development and fundraising           | 2,841,547            | 3,890,932            | 6,732,479            |
| Marketing                             | 725,414              | 821,246              | 1,546,660            |
|                                       | <u>\$ 18,744,297</u> | <u>\$ 21,001,883</u> | <u>\$ 39,746,180</u> |

