

MID-SOUTH PUBLIC COMMUNICATIONS FOUNDATION

FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

MID-SOUTH PUBLIC COMMUNICATIONS FOUNDATION

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June 30, 2023 and 2022

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Independent Auditor's Report

Board of Trustees
Mid-South Public Communications Foundation
Cordova, Tennessee

Opinion

We have audited the financial statements of Mid-South Public Communications Foundation (a not-for-profit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Mid-South Public Communications Foundation as of June 30, 2023 and 2022, 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.

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 Mid-South Public Communications Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Mid-South Public Communications Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of revenue, support and expenses for television and radio, as required by the financial reporting guidelines of the Corporation for Public Broadcasting ("CPB"), is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Frazier Amy Davis PLLC

Memphis, Tennessee
December 19, 2023

MID-SOUTH PUBLIC COMMUNICATIONS FOUNDATION

Statements of Financial Position

June 30, 2023 and 2022

ASSETS

	2023	2022
Cash and cash equivalents	\$ 953,316	\$ 2,804,378
Accounts receivable, net	106,228	73,140
Bequests receivable	84,087	114,971
Grants receivable	19,250	43,875
Other assets	29,797	21,137
Investments	4,371,087	2,194,764
Property and equipment, net	7,467,072	7,588,219
Assets held for sale, net	53,763	53,763
Total assets	\$ 13,084,600	\$ 12,894,247

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued expenses	\$ 66,544	\$ 54,913
Total liabilities	66,544	54,913
Net assets		
Without donor restrictions	11,063,913	10,957,839
With donor restrictions		
Purpose	821,977	775,433
In perpetuity	1,132,166	1,106,062
Total net assets	13,018,056	12,839,334
Total liabilities and net assets	\$ 13,084,600	\$ 12,894,247

MID-SOUTH PUBLIC COMMUNICATIONS FOUNDATION

Statements of Activities

For the year ended June 30, 2023

	Without Donor	With Donor Restrictions		Total
	Restrictions	Purpose	In Perpetuity	
Revenues and support				
Contributions	\$ 2,424,689	\$ -	\$ -	\$ 2,424,689
CPB community service grants	1,153,223	-	-	1,153,223
State of Tennessee grant	437,421	-	-	437,421
Federal grants	115,203	-	-	115,203
Production and royalty revenues	63,693	-	-	63,693
Education revenue	17,317	-	-	17,317
Underwriting	653,626	-	-	653,626
Special events	8,869	-	-	8,869
Net investment income	121,985	104,416	26,104	252,505
In-kind contributions	10,731	-	-	10,731
Antenna income	411,911	-	-	411,911
Other revenues and support	67,181	-	-	67,181
 Total revenues and support	 5,485,849	 104,416	 26,104	 5,616,369
Reclassifications				
Net assets released from restriction	57,872	(57,872)	-	-
 Total revenues and support and reclassifications	 5,543,721	 46,544	 26,104	 5,616,369
Expenses				
Program services	3,999,897	-	-	3,999,897
Supporting services	1,437,750	-	-	1,437,750
 Total expenses	 5,437,647	 -	 -	 5,437,647
 Change in net assets	 106,074	 46,544	 26,104	 178,722
Net assets, beginning of year	10,957,839	775,433	1,106,062	12,839,334
Net assets, end of year	\$ 11,063,913	\$ 821,977	\$ 1,132,166	\$ 13,018,056

See accompanying notes to the financial statements.

MID-SOUTH PUBLIC COMMUNICATIONS FOUNDATION

Statements of Activities (continued)

For the year ended June 30, 2022

	Without Donor	With Donor Restrictions		Total
	Restrictions	Purpose	In Perpetuity	
Revenues and support				
Contributions	\$ 2,853,061	\$ -	\$ -	\$ 2,853,061
CPB community service grants	989,938	-	-	989,938
State of Tennessee grant	430,793	-	-	430,793
Federal grants	130,500	-	-	130,500
Production and royalty revenues	86,772	-	-	86,772
Education revenue	19,625	-	-	19,625
Underwriting	480,746	-	-	480,746
Special events	17,610	-	-	17,610
Net investment loss	(76,054)	(213,114)	-	(289,168)
In-kind contributions	11,276	-	-	11,276
Antenna income	391,245	-	-	391,245
Other revenues and support	90,930	-	-	90,930
Total revenues and support	5,426,442	(213,114)	-	5,213,328
Reclassifications				
Net assets released from restriction	-	-	-	-
Total revenues and support and reclassifications	5,426,442	(213,114)	-	5,213,328
Expenses				
Program services	3,527,408	-	-	3,527,408
Supporting services	1,397,555	-	-	1,397,555
Total expenses	4,924,963	-	-	4,924,963
Change in net assets	501,479	(213,114)	-	288,365
Net assets, beginning of year	10,456,360	988,547	1,106,062	12,550,969
Net assets, end of year	\$ 10,957,839	\$ 775,433	\$ 1,106,062	\$ 12,839,334

See accompanying notes to the financial statements.

MID-SOUTH PUBLIC COMMUNICATIONS FOUNDATION

Statements of Functional Expenses

For the year ended June 30, 2023

	Program Services					Supporting Services			Total
	FM Radio	TV Programs and Production	Broadcast	Program Information and Promotion	Sub - Total	Development	Management and General	Sub - Total	
Salaries, payroll taxes and employee benefits	\$ 344,114	\$ 507,117	\$ 431,598	\$ 108,080	\$ 1,390,909	\$ 432,719	\$ 294,665	\$ 727,384	\$ 2,118,293
Program acquisition	407,926	897,828	-	-	1,305,754	-	-	-	1,305,754
Depreciation	42,315	86,393	114,588	5,192	248,488	31,007	24,092	55,099	303,587
Printing	-	2,346	-	-	2,346	-	-	-	2,346
Affiliation dues	1,446	67,779	-	-	69,225	-	3,821	3,821	73,046
Utilities	-	-	409,143	-	409,143	-	-	-	409,143
Communications	12,532	4,027	25,535	1,139	43,233	4,082	29,033	33,115	76,348
Maintenance and repairs	18,831	-	102,091	-	120,922	-	64,075	64,075	184,997
Advertising and promotion	-	3,162	-	11,623	14,785	-	-	-	14,785
Tools, props and supplies	8,428	36,865	663	7,155	53,111	58,641	28,067	86,708	139,819
Special events	-	-	-	-	-	544	-	544	544
Direct mail	-	-	-	-	-	93,302	-	93,302	93,302
Provision for doubtful pledges and othe	-	-	-	-	-	-	830	830	830
Insurance, general	14,659	30,474	18,366	2,285	65,784	13,643	10,600	24,243	90,027
Professional services	10,090	94,322	59,870	-	164,282	29,710	158,727	188,437	352,719
Premiums	-	-	-	-	-	77,812	-	77,812	77,812
Grant and contract production	-	82,417	-	-	82,417	-	-	-	82,417
Travel	718	11,479	95	-	12,292	3,795	4,887	8,682	20,974
Rent, facilities	17,206	-	-	-	17,206	-	-	-	17,206
Bank fees	-	-	-	-	-	63,762	9,936	73,698	73,698
Total expenses	\$ 878,265	\$ 1,824,209	\$ 1,161,949	\$ 135,474	\$ 3,999,897	\$ 809,017	\$ 628,733	\$ 1,437,750	\$ 5,437,647

See accompanying notes to the financial statements.

MID-SOUTH PUBLIC COMMUNICATIONS FOUNDATION

Statements of Functional Expenses (continued)

For the year ended June 30, 2022

	Program Services					Supporting Services			Total
	FM Radio	TV Programs and Production	Broadcast	Program Information and Promotion	Sub - Total	Development	Management and General	Sub - Total	
Salaries, payroll taxes and employee benefits	\$ 335,891	\$ 478,766	\$ 408,824	\$ 104,913	\$ 1,328,394	\$ 356,539	\$ 365,767	\$ 722,306	\$ 2,050,700
Program acquisition	435,957	773,588	-	-	1,209,545	-	-	-	1,209,545
Depreciation	44,278	75,397	102,155	5,150	226,980	30,597	27,203	57,800	284,780
Printing	-	2,204	-	-	2,204	-	-	-	2,204
Affiliation dues	10	59,941	175	-	60,126	-	3,767	3,767	63,893
Utilities	-	-	297,273	-	297,273	-	-	-	297,273
Communications	11,300	1,876	24,247	1,126	38,549	2,892	31,469	34,361	72,910
Maintenance and repairs	35,176	-	67,811	-	102,987	-	47,103	47,103	150,090
Advertising and promotion	-	-	-	3,141	3,141	-	-	-	3,141
Tools, props, and supplies	15,627	25,907	1,297	7,076	49,907	35,235	27,323	62,558	112,465
Special events	-	-	-	-	-	929	-	929	929
Direct mail	-	-	-	-	-	92,506	-	92,506	92,506
Provision for doubtful pledges and othe	-	-	-	-	-	-	5,212	5,212	5,212
Insurance, general	15,718	25,552	15,403	2,108	58,781	12,525	11,136	23,661	82,442
Professional services	13,926	23,970	49,505	-	87,401	46,402	132,449	178,851	266,252
Premiums	-	-	-	-	-	92,444	-	92,444	92,444
Grant and contract production	-	40,345	-	-	40,345	-	-	-	40,345
Travel	715	2,505	323	-	3,543	86	3,148	3,234	6,777
Rent, facilities	18,232	-	-	-	18,232	-	-	-	18,232
Bank fees	-	-	-	-	-	63,685	9,138	72,823	72,823
Total expenses	\$ 926,830	\$ 1,510,051	\$ 967,013	\$ 123,514	\$ 3,527,408	\$ 733,840	\$ 663,715	\$ 1,397,555	\$ 4,924,963

See accompanying notes to the financial statements.

MID-SOUTH PUBLIC COMMUNICATIONS FOUNDATION

Statements of Cash Flows

For the years ended June 30, 2023 and 2022

	2023	2022
Operating activities		
Change in net assets	\$ 178,722	\$ 288,365
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	303,587	284,780
Unrealized (gain) loss on investments	(108,219)	422,233
Realized gain on investments	(4,779)	(94,297)
Contributions and investment income restricted for long-term purposes	-	-
Changes in operating assets and liabilities:		
Accounts receivable	(33,088)	5,898
Bequests receivable	30,884	14,967
Grants receivable	24,625	375,391
Other assets	(8,660)	(3,784)
Accounts payable and accrued expenses	11,631	(62,656)
Deferred revenue	-	(4,532)
Net cash provided by operating activities	394,703	1,226,365
Investing activities		
Purchases of investments	(2,351,618)	(737,635)
Proceeds from the sale of investments	288,293	310,579
Purchases of property and equipment	(182,440)	(245,308)
Net cash used in investing activities	(2,245,765)	(672,364)
Change in cash and cash equivalents	(1,851,062)	554,001
Cash and cash equivalents, beginning of year	2,804,378	2,250,377
Cash and cash equivalents, end of year	\$ 953,316	\$ 2,804,378

Note 1 – Summary of Significant Accounting Policies

Organization

Mid-South Public Communications Foundation (the "Foundation") is a not-for-profit institution organized for the purpose of furthering educational needs of the community through the generation of noncommercial educational television (WKNO-TV) and radio stations (WKNO-FM and WKNP-FM).

Basis of Accounting

The accompanying financial statements have been prepared in accordance with the accrual basis of accounting. Under this basis of accounting, revenues and support are recognized in the period earned and expenses are recognized when incurred.

Financial Statement Presentation

Under accounting standards for not-for-profit organizations, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be met in perpetuity.

Cash Equivalents

The Foundation considers all highly liquid investments with an initial maturity of three month or less to be cash equivalents.

Accounts Receivable

The Foundation records accounts receivable at their estimated net realizable value. An allowance for doubtful accounts is recorded based upon management's estimate of uncollectible accounts, determined by analysis of specific accounts and general reserve based upon aging of outstanding balances. Past due balances of delinquent receivables are charged against the allowance when they are determined to be uncollectible by management. The Foundation does not recognize interest income on outstanding receivables. The allowance for doubtful accounts was \$6,866 as of June 30, 2023 and 2022.

Investments

Investments in marketable debt and equity securities are measured at fair value. Investment gains and losses are reported as increases or decreases in unrestricted net assets, unless otherwise restricted by donors. Investment gains restricted by donors are reported as increases in net assets with donor restrictions (purpose or in perpetuity) depending on the nature of the restriction.

Note 1 – Summary of Significant Accounting Policies (continued)

Fair Value Measurements

Accounting standards define 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 and establish the framework for a fair value hierarchy. The fair value hierarchy gives the highest priority to observable inputs such as quoted prices in active markets for identical assets or liabilities (Level 1), the next highest priority to inputs (other than quoted prices within Level 1) such as quoted prices for similar assets or liabilities, quoted prices in inactive markets, or other inputs that can be corroborated by observable market data (Level 2), and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability in an orderly transaction.

Property, Equipment, and Depreciation

Property and equipment are stated at estimated fair value at the date of the contribution, if contributed, or at acquisition cost, if purchased. Donations of property and equipment are recorded as contributions without donor restrictions at the date of donation unless the donor has restricted the donated asset to a specific purpose. Major renewals and betterments that extend the useful lives of assets are also recorded at cost. Expenditures for normal repair and maintenance are expensed as they occur. Depreciation is determined using the straight-line method over the estimated useful lives of the assets which range from three to forty years.

Revenues and Support

The Foundation receives revenues and support from a variety of sources including private contributions. Contributions received are recorded as support with or without donor restrictions depending upon the existence and/or nature of any donor restrictions. Contributions are recognized when the donor makes a promise to the Foundation that is, in substance, unconditional. Unconditional promises to give due in subsequent years are recorded at the present value of their net realizable value, using discount rates applicable to the years in which the promises are received. Promises to give resulting from bequests are recognized as revenue when the Foundation has been informed that the will has been validated by a probate court.

Contributions and investment income that are limited to specific uses by donor-imposed restrictions are reported as being received without donor restrictions when the restrictions are met within the same reporting period. Net assets with donor restrictions are reclassified to net assets without donor restrictions when the restriction expires or is satisfied.

The Foundation has evaluated its antenna lease contracts and determined that its leases qualify for recognizing revenue over the life of the lease. The primary criterion management has identified is that the lessee simultaneously receives and consumes the benefit provided by the Foundation's performance as the Foundation performs its obligations under the lease. The Foundation uses an input method for measuring progress on its leases. Input methods are measures that are incurred in the process of satisfying performance obligations. Accordingly, management considers the passage of time to be the best available measure of inputs to its leases.

The contract liability, "deferred revenue, antenna leases," represents the Foundation's obligation to provide leased antenna space to a lessee for which the Foundation has been paid by the lessee or for which the Foundation has billed the lessee under the terms of the lease. Revenue for future services reflected in this account is recognized, and the liability is reduced, as the Foundation subsequently satisfies the performance obligation under the lease.

In-kind Contributions and Donated Services

Donated materials are recorded as contributions at their estimated fair values at the date of donation. Contributions of services are recognized in the financial statements if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Generally, nonfinancial assets contributed are utilized in providing program services or administrative functions.

MID-SOUTH PUBLIC COMMUNICATIONS FOUNDATION

Notes to the Financial Statements

June 30, 2023 and 2022

Note 1 – Summary of Significant Accounting Policies (continued)

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include the following:

<u>Type of Expense</u>	<u>Method of Allocation</u>
Other building occupancy	Full time equivalent
Supplies and services	Full time equivalent
Salaries and wages	Time and effort
Payroll taxes and benefits	Time and effort

Advertising

Advertising costs are expensed as incurred and totaled \$14,785 and \$3,141 for the years ended June 30, 2023 and 2022, respectively.

Tax Status

The Foundation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. The Foundation has been classified as an organization other than a private foundation under Section 509(a)(1) and 170(b)(1)(A)(vi) of the Internal Revenue Code.

The Foundation files tax returns in the United States federal jurisdiction and Tennessee state jurisdiction and is no longer subject to tax examinations by tax authorities for the years prior to 2020. Based on the evaluation of the Foundation's tax positions, management believes all positions taken would more likely than not be upheld under examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for the years ended June 30, 2023 and 2022.

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. Actual results could differ from those estimates.

Concentration of Risk

Although the Foundation has a policy to maintain a diversified portfolio, investment securities are subject to market and credit risk, including the issuers' ability to meet their obligations, which may be affected by general economic conditions or economic developments in a specific geographic region or industry.

Subsequent Events

Management has evaluated subsequent events through December 19, 2023, the date the financial statements were available to be issued.

MID-SOUTH PUBLIC COMMUNICATIONS FOUNDATION

Notes to the Financial Statements

June 30, 2023 and 2022

Note 2 – Property and Equipment

Property and equipment consisted of the following as of June 30, 2023 and 2022:

	2023	2022
Land	\$ 1,620,684	\$ 1,620,684
Transmitter building	352,066	336,572
Building	7,877,221	7,877,221
Transmitter and tower	3,537,157	3,473,472
Office equipment	457,285	449,460
Vehicles	40,443	40,443
Studio and technical equipment	7,496,668	7,528,835
	(13,914,452)	(13,738,468)
Property and equipment, net	\$ 7,467,072	\$ 7,588,219
Depreciation expense for the year	\$ 303,587	\$ 284,780

Note 3 – Accounts Receivables and Contract Assets

The opening and closing balances of receivables and contract assets consisted of the following:

	July 1, 2021	June 30, 2022	June 30, 2023
Accounts receivable			
Accounts receivable, net	\$ 79,038	\$ 73,140	\$ 106,228
Bequests receivable	129,938	114,971	84,087
Grants receivable	419,266	43,875	19,250
Total receivables	\$ 628,242	\$ 231,986	\$ 209,565

MID-SOUTH PUBLIC COMMUNICATIONS FOUNDATION

Notes to the Financial Statements

June 30, 2023 and 2022

Note 4 – Investments

Investments consisted of the following as of June 30, 2023 and 2022:

	2023		2022	
	Fair Value	Cost	Fair Value	Cost
Equity funds	\$ 2,639,047	\$ 2,679,520	\$ 943,268	\$ 990,506
Fixed income funds	350,024	359,780	-	-
Pooled investments - Community Foundation of Greater Memphis, Inc.	1,382,016	1,275,556	1,251,496	1,256,246
Total investments	\$ 4,371,087	\$ 4,314,856	\$ 2,194,764	\$ 2,246,752

At June 30, 2023, investments included \$2,989,071 in pledged accounts as collateral under a line of credit agreement with a financial institution (see Note 6). As of June 30, 2023, there was no balance on this related line of credit.

Investments held by the Community Foundation of Greater Memphis, Inc. consist of funds transferred from the Foundation to the WKNO-TV/FM Endowment Fund (the “Endowment Fund”) (see Note 8). The beneficiary of the Endowment Fund is the Foundation.

Net investment income for the years ended June 30, 2023 and 2022, consisted of the following:

	2023	2022
Net unrealized gain (loss)	\$ 108,219	\$ (422,233)
Net realized gain	4,779	94,297
Net gain (loss) on investments	112,998	(327,936)
Interest and dividend income	164,950	54,242
Investment fees	(25,443)	(15,474)
Net investment income (loss)	\$ 252,505	\$ (289,168)

MID-SOUTH PUBLIC COMMUNICATIONS FOUNDATION

Notes to the Financial Statements

June 30, 2023 and 2022

Note 5 – Fair Value Measurements

Fair value of assets measured on a recurring basis as of June 30, 2023, includes the following:

	2023	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Equity funds	\$ 2,639,047	\$ 2,639,047	\$ -	\$ -
Fixed income funds	350,024	350,024	-	-
Pooled investments - Community Foundation of Greater Memphis, Inc.	1,382,016	-	-	1,382,016
Total fair value of investments	\$ 4,371,087	\$ 2,989,071	\$ -	\$ 1,382,016

Fair value of assets measured on a recurring basis as of June 30, 2022, includes the following:

	2022	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Equity funds	\$ 943,268	\$ 943,268	\$ -	\$ -
Pooled investments - Community Foundation of Greater Memphis, Inc.	1,251,496	-	-	1,251,496
Total fair value of investments	\$ 2,194,764	\$ 943,268	\$ -	\$ 1,251,496

MID-SOUTH PUBLIC COMMUNICATIONS FOUNDATION

Notes to the Financial Statements

June 30, 2023 and 2022

Note 5 – Fair Value Measurements (continued)

Fair values for Level 1 assets are determined by reference to quoted market prices for identical assets. Fair values for Level 2 assets are determined by reference to quoted market prices of similar assets and other relevant information generated by market transactions. For valuation of Level 3 assets, management uses significant unobservable inputs including information from fund managers. The fund managers value these investments based upon the Foundation's proportional share of the net asset values of the underlying securities or as reported by the underlying entities. Management reviews and evaluates the values provided by the fund managers and agrees with the valuation methods and assumptions used in determining the fair values. Because of the inherent uncertainty of the valuation of Level 3 assets, the values reported in these financial statements may differ significantly from the values that would have been used had a ready market for the investments existed.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Community Foundation of Greater Memphis	
	2023	2022
Beginning balance	\$ 1,251,496	\$ 1,464,610
Net appreciation (depreciation)	113,959	(221,448)
Purchases	26,787	23,808
Settlements	(10,226)	(15,474)
Ending balance	<u>\$ 1,382,016</u>	<u>\$ 1,251,496</u>

Note 6 – Line of Credit

The Foundation has a line of credit with a financial institution with a maximum borrowing about of \$500,000. Interest is payable monthly at the one month LIBOR rate plus an applicable percentage as determined by the market value of pledged investment securities (8.00% as of June 30, 2023). The line of credit is collateralized by investment securities (see Note 4). As of June 30, 2023 and 2022, the line of credit had no amounts outstanding.

Note 7 – Net Assets with Donor Restrictions

As of June 30, 2023 and 2022, the Foundation had \$821,977 and \$775,433, respectively, of net assets with donor restrictions as to purpose. For the year ended June 30, 2023, \$57,872 of net assets with donor restrictions as to purpose, were released from restriction through use. For the year ended June 30, 2022, no such releases occurred.

Net assets with donor restrictions in perpetuity consisted of the principal balance of the WKNO-TV/FM Endowment Fund (the "Endowment Fund") held at the Community Foundation of Greater Memphis, Inc. A portion of the net investment income of the Endowment Fund is available to supplement the cost of operations while the remaining balance of net investment income is to be reinvested in the principal of the Endowment Fund (see Note 8). As of June 30, 2023 and 2022, the balance of net assets with donor restrictions in perpetuity was \$1,106,062.

MID-SOUTH PUBLIC COMMUNICATIONS FOUNDATION

Notes to the Financial Statements

June 30, 2023 and 2022

Note 8 – Endowment Fund

The Foundation’s endowment fund consists of a balanced pooled fund established for the purpose of raising and investing funds for capital improvements and program expenses. As required by accounting principles generally accepted in the United States of America, net assets associated with the endowment fund, including funds designated by the Board of Directors to function as an endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as adopted by the State of Tennessee 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 the interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the endowment fund is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of the investments, (6) other resources of the Foundation, and (7) the Foundation’s investment policies.

The Foundation has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. The policy states that the future growth of the Endowment Fund should be sufficient to offset normal inflation plus reasonable spending, thereby preserving the constant dollar value and purchasing power of the Endowment Fund for future generations. In establishing this policy, the Foundation considered liquidity and the long-term expected investment return of its endowment fund. The endowment contract stipulates that 20% of the net income from the funds will be included in the permanently restricted net assets, and the other 80% can be spent as needed by the Foundation.

Endowment net asset composition by type of fund as of June 30, 2023 and 2022, was as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		<u>Total</u>
		<u>Purpose</u>	<u>In Perpetuity</u>	
As of June 30, 2023				
Donor-restricted endowment funds	\$ 120,000	\$ 129,848	\$ 1,132,166	\$ 1,382,014
As of June 30, 2022				
Donor-restricted endowment funds	\$ 120,000	\$ 25,433	\$ 1,106,062	\$ 1,251,495

MID-SOUTH PUBLIC COMMUNICATIONS FOUNDATION

Notes to the Financial Statements

June 30, 2023 and 2022

Note 8 – Endowment Fund (continued)

Changes in endowment net assets for the year ended June 30, 2023, is as follows:

	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose	In Perpetuity	
Endowment net assets, beginning of year	\$ 120,000	\$ 25,433	\$ 1,106,062	\$ 1,251,495
Investment return:				
Interest and dividends	-	21,430	5,357	26,787
Unrealized gain	-	88,968	22,242	111,210
Realized gain	-	2,199	550	2,749
Investment fees	-	(8,182)	(2,045)	(10,227)
Total investment return	-	104,415	26,104	130,519
Withdrawals	-	-	-	-
Appropriation of endowment assets for expenditure	-	-	-	-
Endowment net assets, end of year	\$ 120,000	\$ 129,848	\$ 1,132,166	\$ 1,382,014

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

	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose	In Perpetuity	
Endowment net assets, beginning of year	\$ 120,000	\$ 238,547	\$ 1,106,062	\$ 1,464,609
Investment return:				
Interest and dividends	-	23,808	-	23,808
Unrealized loss	-	(314,020)	-	(314,020)
Realized gain	-	92,572	-	92,572
Investment fees	-	(15,474)	-	(15,474)
Total investment return	-	(213,114)	-	(213,114)
Withdrawals	-	-	-	-
Appropriation of endowment assets for expenditure	-	-	-	-
Endowment net assets, end of year	\$ 120,000	\$ 25,433	\$ 1,106,062	\$ 1,251,495

MID-SOUTH PUBLIC COMMUNICATIONS FOUNDATION

Notes to the Financial Statements

June 30, 2023 and 2022

Note 9 – Leasing Arrangements

The Foundation leases TV and microwave towers, air space, and a billboard under noncancellable operating leases that expire on various dates through 2035. The leases require fixed lease payments, plus subsequent adjustments based on the prior year's consumer price index. For the years ended June 30, 2023 and 2022, the Foundation recognized antenna income of \$411,911 and \$391,245, respectively.

The following is a summary of minimum future rental income under noncancellable operating leases:

<u>Year ending June 30,</u>	<u>Amount</u>
2024	\$ 377,554
2025	359,689
2026	322,133
2027	321,133
2028	296,339
Thereafter	<u>1,280,717</u>
Total	<u>\$ 2,957,565</u>

Note 10 – Retirement Plan

The Foundation has a defined contribution plan for the benefit of all employees with six months and 1,000 hours of service. The Foundation's contribution to the plan is based upon five percent of eligible employees' compensation. Contributions were suspended during the year ended June 30, 2022.

Note 11 – Donated Materials and Services

Donated materials and services for the years ended June 30, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Computer services	\$ 6,000	\$ 6,000
Legal	<u>5,276</u>	<u>5,276</u>
Total	<u>\$ 11,276</u>	<u>\$ 11,276</u>

MID-SOUTH PUBLIC COMMUNICATIONS FOUNDATION

Notes to the Financial Statements

June 30, 2023 and 2022

Note 12 – Discontinued Activity, Mobile Unit

In May 2014, management decided to discontinue mobile unit activities due to continued deterioration of the mobile unit's financial performance. As of June 30, 2023 and 2022, the financial position of the mobile unit consisted of assets held for sale, net of \$53,763 and net assets without donor restrictions of \$53,763.

Note 13 – Availability of Resources and Liquidity

As part of its ongoing liquidity management, the Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As of June 30, 2023 and 2022, the Foundation's current unrestricted financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2023</u>	<u>2022</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 953,316	\$ 2,804,378
Accounts receivable, net	106,228	73,140
Bequests receivable	84,087	114,971
Grants receivable	19,250	43,875
Investments	<u>4,371,087</u>	<u>2,194,764</u>
Total financial assets	<u>5,533,968</u>	<u>5,231,128</u>
Amounts not available to be used within one year:		
Donor-restricted endowment funds	(1,262,014)	(1,131,495)
Net assets with purpose restriction	<u>(750,000)</u>	<u>(750,000)</u>
Financial assets not available to be used within one year	<u>(2,012,014)</u>	<u>(1,881,495)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 3,521,954</u>	<u>\$ 3,349,633</u>

MID-SOUTH PUBLIC COMMUNICATIONS FOUNDATION

Schedule of Revenues, Support and Expenses for Television and Radio

June 30, 2023

	Television	Radio	Total
Revenues and support			
Contributions	\$ 1,489,991	\$ 934,698	\$ 2,424,689
CPB community service grants	1,029,045	124,178	1,153,223
State of Tennessee grant	430,793	6,628	437,421
Federal grant	115,203	-	115,203
Production and royalty revenues	63,693	-	63,693
Education revenue	17,317	-	17,317
Underwriting	199,158	454,468	653,626
Special events	8,869	-	8,869
Net investment income	189,379	63,126	252,505
In-kind contributions	6,363	4,368	10,731
Antenna income	411,911	-	411,911
Other revenues and support	67,120	61	67,181
Total revenues and support	\$ 4,028,842	\$ 1,587,527	\$ 5,616,369
Expenses			
Program services	\$ 2,833,105	\$ 1,166,792	\$ 3,999,897
Supporting services	967,627	470,123	1,437,750
Total expenses	\$ 3,800,732	\$ 1,636,915	\$ 5,437,647