

SMOKY HILLS PUBLIC
TELEVISION CORPORATION

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2023 AND 2022

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CERTIFIED PUBLIC ACCOUNTANTS
and
BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Smoky Hills Public Television Corporation

Opinion

We have audited the accompanying financial statements of Smoky Hills Public Television (a nonprofit 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 financial statements referred to above present fairly, in all material respects, the financial position of Smoky Hills Public Television 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. 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 Smoky Hills Public Television 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 Smoky Hills Public Television's ability to continue as a going concern within one year after the date that the financial statements are available to be 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Smoky Hills Public Television'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 Smoky Hills Public Television'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.

Brungardt Hower

Ward Elliott & Pfeifer L. C.

Hays, Kansas
November 6, 2023

Smoky Hills Public Television Corporation

STATEMENTS OF FINANCIAL POSITION

June 30,

ASSETS	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,338,802	\$ 2,680,816
Certificates of deposit	753,000	125,164
Trade and grant receivables	61,189	59,309
Prepaid expenses	<u>8,731</u>	<u>7,644</u>
Total current assets	<u>3,161,722</u>	<u>2,872,933</u>
PROPERTY AND EQUIPMENT		
Land	25,767	25,767
Buildings	594,789	590,889
Station equipment	10,690,938	10,665,008
Automobiles	59,574	91,864
Office furniture and equipment	<u>178,475</u>	<u>167,625</u>
	11,549,543	11,541,153
Less accumulated depreciation	<u>10,235,291</u>	<u>9,954,063</u>
Net property and equipment	<u>1,314,252</u>	<u>1,587,090</u>
INTANGIBLE ASSETS		
Service agreements	976,508	976,508
Less accumulated amortization	<u>959,841</u>	<u>957,841</u>
Net intangible assets	<u>16,667</u>	<u>18,667</u>
TOTAL ASSETS	<u>\$ 4,492,641</u>	<u>\$ 4,478,690</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 33,314	\$ 14,014
Accrued compensated absences and other expenses	43,311	46,710
Deferred revenue	<u>1,700</u>	<u>1,700</u>
TOTAL CURRENT LIABILITIES	<u>78,325</u>	<u>62,424</u>
TOTAL LIABILITIES	<u>78,325</u>	<u>62,424</u>
COMMITMENTS AND CONTINGENCIES		
	<u>-</u>	<u>-</u>
NET ASSETS		
Without donor restrictions	3,815,072	3,806,930
With donor restrictions	<u>599,244</u>	<u>609,336</u>
TOTAL NET ASSETS	<u>4,414,316</u>	<u>4,416,266</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,492,641</u>	<u>\$ 4,478,690</u>

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

Smoky Hills Public Television Corporation

STATEMENTS OF ACTIVITIES

Year ended June 30,

	2023		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
OPERATING REVENUES			
Operating and other grants	\$ 28,120	\$ 1,223,566	\$ 1,251,686
Memberships	460,023	-	460,023
Underwriting	264,980	-	264,980
Rental income	35,958	-	35,958
Interest and investment income	24,763	-	24,763
Miscellaneous	30,823	-	30,823
Donated services	3,100	-	3,100
PBS income	-	-	-
Total operating revenues	<u>847,767</u>	<u>1,223,566</u>	<u>2,071,333</u>
Net assets released from restrictions	<u>1,233,658</u>	<u>(1,233,658)</u>	<u>-</u>
Total operating revenues and net assets released from restrictions	<u>2,081,425</u>	<u>(10,092)</u>	<u>2,071,333</u>
OPERATING EXPENSES			
General and administrative	418,296	-	418,296
Engineering	93,027	-	93,027
Programming	376,631	-	376,631
Depreciation and amortization	319,215	-	319,215
Educational services	60,127	-	60,127
Production	217,558	-	217,558
Marketing	66,308	-	66,308
Membership	74,829	-	74,829
Transmitters	310,640	-	310,640
Underwriting	133,075	-	133,075
Special events	3,577	-	3,577
Total operating expenses	<u>2,073,283</u>	<u>-</u>	<u>2,073,283</u>
CHANGE IN NET ASSETS	8,142	(10,092)	(1,950)
TRANSFER OF NET ASSETS	-	-	-
NET ASSETS AT BEGINNING OF YEAR	<u>3,806,930</u>	<u>609,336</u>	<u>4,416,266</u>
NET ASSETS AT END OF YEAR	<u>\$ 3,815,072</u>	<u>\$ 599,244</u>	<u>\$ 4,414,316</u>

2022		
<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
\$ 211,417	\$ 1,114,371	\$ 1,325,788
196,922	-	196,922
231,570	-	231,570
35,412	-	35,412
1,512	-	1,512
266,808	-	266,808
8,325	-	8,325
<u>246</u>	<u>-</u>	<u>246</u>
952,212	1,114,371	2,066,583
<u>1,441,237</u>	<u>(1,441,237)</u>	<u>-</u>
<u>2,393,449</u>	<u>(326,866)</u>	<u>2,066,583</u>
410,055	-	410,055
98,077	-	98,077
348,364	-	348,364
311,289	-	311,289
52,252	-	52,252
209,429	-	209,429
56,131	-	56,131
74,829	-	74,829
275,273	-	275,273
122,583	-	122,583
<u>1,956</u>	<u>-</u>	<u>1,956</u>
<u>1,960,238</u>	<u>-</u>	<u>1,960,238</u>
433,211	(326,866)	106,345
-	-	-
<u>3,373,719</u>	<u>936,202</u>	<u>4,309,921</u>
<u>\$ 3,806,930</u>	<u>\$ 609,336</u>	<u>\$ 4,416,266</u>

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

Smoky Hills Public Television Corporation

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2023

	General and Adminis- trative	Engineering	Programming	Depreciation and Amortization	Educational Services	Production	Marketing	Membership	Transmitters	Underwriting	Special Events	Total
Advertising	\$ 56	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,519	\$ -	\$ -	\$ -	\$ -	\$ 11,575
Amortization	-	-	-	2,000	-	-	-	-	-	-	-	2,000
Board liability insurance	3,338	-	-	-	-	-	-	-	-	-	-	3,338
Building repair and maintenance	5,240	-	-	-	-	-	-	-	2,549	-	-	7,789
Computer supplies	-	5,471	-	-	-	-	-	-	-	-	-	5,471
Depreciation	-	-	-	317,215	-	-	-	-	-	-	-	317,215
Donated professional services	3,100	-	-	-	-	-	-	-	-	-	-	3,100
Employee benefits	26,117	11,282	20,471	-	4,050	32,252	10,338	10,761	-	23,760	-	139,031
Equipment repair and maintenance	-	19,469	-	-	-	-	-	-	15,598	-	-	35,067
Meals	46	-	-	-	-	463	15	-	-	176	95	795
Membership dues	9,445	2,538	8,595	-	-	7,311	4,953	4,787	-	430	422	38,481
Miscellaneous	529	6,684	-	-	-	1,440	-	-	1,421	250	-	10,324
Office supplies	760	-	-	-	-	-	-	-	-	-	-	760
Outside professional services	27,469	875	-	-	11,900	8,385	-	4,776	49,604	-	200	103,209
Payroll taxes	13,127	3,300	4,938	-	1,326	10,615	2,550	2,886	-	7,572	-	46,314
Postage	927	34	-	-	342	187	22	1,325	984	164	870	4,855
Premiums	-	-	-	-	-	-	-	2,124	-	-	-	2,124
Printing	-	-	-	-	253	-	574	9,797	-	-	106	10,730
Program rights	-	-	276,074	-	-	-	-	-	-	-	-	276,074
Promotions	-	-	-	-	-	-	2,276	-	-	-	-	2,276
Property insurance	122,465	-	-	-	-	-	-	-	-	-	-	122,465
Rent	-	-	-	-	-	-	-	-	800	-	1,000	1,800
Salaries	174,852	43,160	66,553	-	17,365	139,591	34,014	38,195	-	98,937	-	612,667
Set production	-	-	-	-	-	175	-	-	-	-	-	175
Supplies	275	105	-	-	19,729	15,648	-	178	-	-	715	36,650
Telephone	9,345	-	-	-	-	-	-	-	1,298	-	-	10,643
Travel	615	-	-	-	5,162	1,472	47	-	-	1,786	169	9,251
Utilities/service agreements	20,590	-	-	-	-	-	-	-	238,386	-	-	258,976
Vehicle repair	-	109	-	-	-	-	-	-	-	-	-	109
Video tapes	-	-	-	-	-	19	-	-	-	-	-	19
Total expenses	\$ 418,296	\$ 93,027	\$ 376,631	\$ 319,215	\$ 60,127	\$ 217,558	\$ 66,308	\$ 74,829	\$ 310,640	\$ 133,075	\$ 3,577	\$ 2,073,283

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

Smoky Hills Public Television Corporation

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2022

	General and Adminis- trative	Engineering	Programming	Depreciation and Amortization	Educational Services	Production	Marketing	Membership	Transmitters	Underwriting	Special Events	Total
Advertising	\$ 62	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,841	\$ -	\$ -	\$ -	\$ -	\$ 7,903
Amortization	-	-	-	2,000	-	-	-	-	-	-	-	2,000
Board liability insurance	3,338	-	-	-	-	-	-	-	-	-	-	3,338
Building repair and maintenance	2,214	-	-	-	-	-	-	-	18,850	-	-	21,064
Computer supplies	-	4,776	-	-	-	-	-	-	-	-	-	4,776
Depreciation	-	-	-	309,289	-	-	-	-	-	-	-	309,289
Donated professional services	2,900	-	-	-	-	-	-	-	-	-	-	2,900
Employee benefits	23,908	13,299	12,844	-	1,470	33,682	10,111	9,926	-	22,257	-	127,497
Equipment repair and maintenance	-	10,651	-	-	-	-	-	-	20,996	-	-	31,647
Meals	-	50	-	-	-	627	-	-	-	188	254	1,119
Membership dues	8,886	3,150	8,595	-	20	9,625	1,769	4,796	-	812	425	38,078
Miscellaneous	856	2,380	-	-	-	1,441	-	-	1,367	-	-	6,044
Office supplies	1,532	-	-	-	-	-	-	-	-	-	-	1,532
Outside professional services	36,100	1,218	-	-	6,000	6,670	-	4,776	39,089	-	200	94,053
Payroll taxes	11,804	4,160	3,759	-	1,263	10,223	2,457	2,817	-	6,776	-	43,259
Postage	796	69	-	-	290	277	4	1,268	153	199	-	3,056
Premiums	-	-	-	-	-	-	-	6,220	-	-	-	6,220
Printing	-	-	-	-	280	-	562	7,224	-	-	-	8,066
Program rights	-	-	274,960	-	-	-	-	-	-	-	-	274,960
Promotions	-	-	-	-	-	-	1,524	-	-	-	-	1,524
Property insurance	124,420	-	-	-	-	-	-	-	-	-	-	124,420
Rent	-	-	-	-	-	-	-	-	800	-	-	800
Salaries	158,974	56,579	48,206	-	16,475	133,760	31,863	37,737	-	90,485	-	574,079
Set production	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	252	197	-	-	23,216	11,120	-	47	-	10	811	35,653
Telephone	10,344	-	-	-	-	-	-	-	1,328	-	-	11,672
Travel	315	458	-	-	3,238	1,716	-	18	-	1,856	266	7,867
Utilities/service agreements	23,354	-	-	-	-	-	-	-	192,690	-	-	216,044
Vehicle repair	-	1,090	-	-	-	-	-	-	-	-	-	1,090
Video tapes	-	-	-	-	-	288	-	-	-	-	-	288
Total expenses	\$ 410,055	\$ 98,077	\$ 348,364	\$ 311,289	\$ 52,252	\$ 209,429	\$ 56,131	\$ 74,829	\$ 275,273	\$ 122,583	\$ 1,956	\$ 1,960,238

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

Smoky Hills Public Television Corporation

STATEMENTS OF CASH FLOWS

Year ended June 30,

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,950)	\$ 106,345
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	319,215	311,289
Gain/(loss) on sale of assets	(15,641)	272
Changes in assets and liabilities:		
Trade and grant receivables	(1,880)	(12,212)
Prepaid expenses	(1,087)	38
Accounts payable	19,300	7,210
Accrued compensated absences	(3,399)	7,214
Deferred revenue	-	50
	<u> </u>	<u> </u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>314,558</u>	<u>420,206</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net activity in certificate of deposits	(627,836)	(417)
Proceeds from sale of fixed assets	16,500	-
Purchases of property, equipment and intangible assets	(45,236)	(378,299)
	<u> </u>	<u> </u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(656,572)</u>	<u>(378,716)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(342,014)	41,490
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,680,816</u>	<u>2,639,326</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$2,338,802</u>	<u>\$2,680,816</u>

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

NOTES TO FINANCIAL STATEMENTS

Smoky Hills Public Television Corporation

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

1. Organization

Smoky Hills Public Television Corporation is a nonprofit organization established as part of a plan to extend public television to unserved areas of western Kansas, broadcasting educational television and providing quality programming and cultural telecommunication services to educate and inspire the social awareness of the broadcast area's communities and residents.

2. Financial reporting

(a) Accrual basis of accounting

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations.

(b) Cash and cash equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of six months or less to be cash equivalents. The Organization maintains cash balances at several financial institutions. Accounts at each institution are insured by the FDIC up to \$250,000. At June 30, 2023 and 2022, there were \$468,511 and \$2,067,968, respectively, of deposits at Sunflower and Southwind Banks in excess of the \$250,000 FDIC insurance limits that were secured by pledged securities held at the Federal Reserve Bank of Boston and Commerce Bank.

(c) Use of estimates

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

(d) Net assets

The Organization is required to report information regarding its financial position and activities according to two classes of net assets. The net assets of the Organization and changes therein are classified and reported as follows:

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

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that resources be maintained in perpetuity.

Smoky Hills Public Television Corporation

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued

2. Financial reporting - Continued

Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes

3. Contributions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment. Otherwise, donor restrictions on contributions of property and equipment or assets restricted for purchase of property and equipment are considered to expire when the assets are placed in service. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

4. Promises to give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

5. Contributed services

During the year ended June 30, 2023 and 2022, the value of contributed services meeting the requirements for recognition in the financial statements was \$3,100 and \$8,325, respectively. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services. Only donated professional services for the years ended June 30, 2023 and 2022 are being reported.

6. Property and equipment

Purchased property and equipment are capitalized at cost. Donated property and equipment are recorded at their estimated fair value. It is the Organization's policy to capitalize property and equipment over \$2,500.

Smoky Hills Public Television Corporation

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued

6. Property and equipment - Continued

Property and equipment are depreciated using the straight-line method. Estimated useful lives used in the computation of depreciation are as follows:

Buildings and improvements	15 - 31 years
Station equipment	3 - 20 years
Automobiles	5 years
Office furniture and equipment	3 - 7 years

Maintenance, repairs and renewals which neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. Gains or losses on dispositions of property and equipment are included in revenue.

7. Functional allocation of expenses

The costs of providing the programs and activities of the Organization have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among program services and supporting services.

8. Subsequent events

Smoky Hills Public Television Corporation has evaluated subsequent events through November 6, 2023, which is the date the financial statements were available to be issued.

9. Reclassifications

Certain reclassifications have been made to conform to the 2023 presentation.

10. Income Taxes

Smoky Hills Public Television Corporation is a non-profit, non-stock corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is, however, subject to income taxes on any unrelated business income. The Organization adopted FASB Accounting Standards Codification ("FASB ASC"), ASC 740, Accounting for Uncertainty in Income Taxes on July 1, 2009. As a result of the adoption, management has determined that there were no unrecognized tax benefits or liabilities as of June 30, 2023 and June 30, 2022.

The Organization's federal exempt organization tax returns for the years ended June 30, 2023, 2022 and 2021 are subject to examination by the Internal Revenue Service, generally three years after they are filed.

Smoky Hills Public Television Corporation

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE B - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	June 30,	
	<u>2023</u>	<u>2022</u>
Cash in bank - operating	\$ 667,535	\$ 2,097,092
Cash in bank - capital	41,914	89,159
Cash in bank - future fund	1,629,353	494,523
Petty cash	-	42
	<u>\$ 2,338,802</u>	<u>\$ 2,680,816</u>

NOTE C - INVESTMENTS

The Organization's investments consist solely of certificates of deposit held at various financial institutions. The deposits range in maturity from 6 to 12 months and have interest rates ranging from 3.65% to 5.30%. The Organization ensures that no financial institution carries a certificate in excess of the \$250,000 FDIC insurance limit. The certificates are recorded at cost and are not required to be classified in one of the levels prescribed by the fair value hierarchy.

NOTE D - TRADE AND GRANT RECEIVABLES

Trade and grant receivables at June 30, 2023 and 2022, consist of other receivables of \$61,189 and \$59,309, respectively, and governmental receivables of \$0 and \$0, respectively.

NOTE E - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of restrictions within one year of the balance sheet date.

	<u>2023</u>	<u>2022</u>
Financial assets at June 30,	\$ 3,152,991	\$ 2,865,289
Less those not available for general expenditure within one year, due to:		
Donor imposed restrictions	<u>599,244</u>	<u>609,336</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,553,747</u>	<u>\$ 2,255,953</u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Organization invests cash in various short-term certificates of deposits.

Smoky Hills Public Television Corporation

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE F - INTANGIBLE ASSETS

In June 1999, Smoky Hills Public Television Corporation entered into a ten-year fiber optic transport service agreement with Cox Communications, Inc. to use their facilities for the purpose of transmitting and receiving digital and analog video, audio and data signals between specified sites within the State of Kansas. These costs of \$493,018 have been amortized into expense over the ten-year life of the service agreement. The Organization now pays a monthly access fee for use of the fiber optics line.

In November 2006, Smoky Hills Public Television Corporation entered into a ten-year fiber optic transport service agreement with Rural Telephone Service Company, Inc. to use their facilities for the purpose of transmitting and receiving digital and analog video, audio and data signals between specified sites within the State of Kansas. These costs of \$433,490 are being amortized into expense over the ten-year life of the service agreement. The Organization now pays a monthly access fee for use of the fiber optics line.

NOTE G - ACCRUED COMPENSATED ABSENCES

The Organization's policy provides for the compensation of absences due to sick leave and vacation. Each employee is allowed to carryover a maximum total earned vacation of 40 hours each calendar year. Any hours accrued and not taken will be lost unless proper approval is obtained from administration. Only vacation pay is reimbursed at termination if not used, and is accrued for financial statement presentation. The liability for accumulated compensated absences at June 30, 2023 and 2022 was \$29,796 and \$23,940, respectively. These amounts were based on current salary costs and include all vacation leave accumulated but not taken by June 30, 2023 and 2022.

NOTE H - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

	<u>2023</u>	<u>2022</u>
Operations	\$ 599,244	\$ 609,336
Capital improvements	-	-
	<u>\$ 599,244</u>	<u>\$ 609,336</u>

NOTE I - DEFINED BENEFIT PENSION PLAN

Plan Description. Smoky Hills Public Television Corporation participates in the Kansas Public Employees Retirement System (KPERS), a cost sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Smoky Hills Public Television Corporation

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE I -DEFINED BENEFIT PENSION PLAN - Continued

Funding Policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 6% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rates established for the period ending June 30, 2023 range from 8.43% to 8.90%, and for the period ending June 30, 2022 range from 8.87% to 8.90%. The employer contributions to KPERS for the years ending June 30, 2023 and 2022 were \$53,069 and \$49,734, respectively, equal to the required contributions for each year.

NOTE J - CAFETERIA PLAN

The Corporation established a cafeteria plan under Internal Revenue Code Section 125, effective July 1, 2000. The plan year is the twelve month period ending on June 30th. The purpose of the program is to allow employees, through a salary reduction agreement, to select their plan benefits within the guidelines of the Internal Revenue Code of 1986.

The benefits available include group health insurance premiums, unreimbursed medical expenses and dependent day care. All employees who have satisfied all of the eligibility requirements as set forth in the plan documents may participate in the cafeteria plan.

NOTE K - OPERATING LEASES

The Corporation leases out space on various towers for transmitting and receiving their broadcast signals. They also lease real property at the tower sites. The period of these leases range from two to twenty years of which most can be canceled with written notice of termination from either party within a specified period of days ranging from 30 to 180 days.

Management expects that in the normal course of business the leases will be renewed or renegotiated.

NOTE L - DIGITAL CONVERSION

To assist Smoky Hills Public Television Corporation in making the federally mandated conversion from analog to digital signal, \$3,090,376 of funding was obtained from the State of Kansas through the issuance of Kansas Development Finance Authority Series 2001L Bonds. The estimated total cost of the conversion is approximately 6 million dollars. The State of Kansas is paying for the bonds, and as a condition of the agreement, retains ownership of the digital conversion project until March 1, 2021, at which time, Smoky Hills Public Television Corporation can purchase the equipment for \$100. This transaction is being treated as a capital lease due to the bargain purchase option at the end of the term. The cost of the digital conversion project, because it is owned by the State of Kansas, is not available for use as collateral for any future borrowings.

Smoky Hills Public Television Corporation

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE L - DIGITAL CONVERSION - Continued

During the year ended June 30, 2006, the Organization received a grant from the U.S. Department of Agriculture, for the construction of a new digital tower. The amount of the grant was \$2,000,000. The estimated cost of this project is approximately \$3,000,000. The remaining funding has been obtained from the State of Kansas from the Kansas Development Finance Authority Series 2001L Bonds used in the Digital Conversion funding noted above. The same terms apply. During the year ended June 30, 2007, the Organization completed the construction of this new digital tower. With the remaining grant monies, the Organization was granted permission to add digital production and editing equipment to this grant. These monies were expended during the year ended June 30, 2008.

NOTE N - CONTINUITY OF OPERATIONS

Smoky Hills Public Television Corporation relies on governmental and private grants and contributions for its continued existence. There is no assurance that such grants and contributions will continue.