

**HOUSTON PUBLIC MEDIA
(A DIVISION OF THE UNIVERSITY
OF HOUSTON SYSTEM)**

FINANCIAL STATEMENTS

AUGUST 31, 2021 AND 2020

HOUSTON PUBLIC MEDIA
(A DIVISION OF THE UNIVERSITY OF HOUSTON SYSTEM)
TABLE OF CONTENTS
AUGUST 31, 2021 AND 2020

	<u>Page(s)</u>
Independent Auditors' Report	1 – 2
Management's Discussion and Analysis	3 – 7
Financial Statements	
Statements of Net Position	8
Statements of Revenues, Expenses, and Changes in Net Position	9
Statements of Cash Flows	10
Notes to Financial Statements	11 – 25
Supplemental Information	
Primary Institution Schedule of Functional Expenses – 2021 (Exhibit I)	26
Component Unit (HPMF) Schedule of Functional Expenses – 2021 (Exhibit II)	27
Primary Institution Schedule of Functional Expenses – 2020 (Exhibit III)	28
Component Unit (HPMF) Schedule of Functional Expenses – 2020 (Exhibit IV)	29
Combining Schedule of Revenues and Expenses by Station – 2021 (Exhibit V)	30

INDEPENDENT AUDITORS' REPORT

To the Board of Regents,
University of Houston System:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Houston Public Media (the "Stations"), a division of the University of Houston System (the "UH System"), as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the Stations' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Stations as of August 31, 2021, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Emphasis of Matter

As discussed in Note 1, the financial statements of the Stations are intended to present the financial position, and the changes in financial position and cash flows, of only that portion of the Stations-related accounts of the UH System that are attributable to the transactions of the Stations. They do not purport to, and do not, present fairly the financial position of the UH System as of August 31, 2021, and the changes in its financial position and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

2020 Financial Statements

The financial statements of the Stations for the year ended August 31, 2020, before the restatement described in Note 13, were audited by another auditor whose report dated March 5, 2021, expressed an unmodified opinion on those statements.

As part of our audit of the August 31, 2021 financial statements, we also audited the adjustments described in Note 13 that were applied to restate the 2020 financial statements. In our opinion, such adjustments are appropriate and have been appropriately applied. We were not engaged to audit, review, or apply any procedures to the 2020 financial statements of the entity other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2020 financial statements as a whole.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Stations' basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A vertical yellow line is positioned to the left of the signature. The signature is written in black ink and reads "James Moore & Co., P.L." with a large, stylized initial "J" that loops around the first part of the name.

Gainesville, Florida
March 1, 2022

**HOUSTON PUBLIC MEDIA
(A DIVISION OF THE UNIVERSITY OF HOUSTON SYSTEM)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2021 AND 2020**

INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") provides an overview of the activities and the financial position of Houston Public Media (the "Stations"), a division of the University of Houston ("UH") System (the "UH System"), as of and for the years ended August 31, 2021 and 2020. This MD&A offers a summary of significant current year activities of the Stations, resulting changes in net position and currently known economic conditions and facts. This analysis should be read in conjunction with the Stations' financial statements and the notes to the financial statements. Responsibility for the financial statements, related note disclosures and MD&A rests with the Stations' management.

The Stations, licensed to the Board of Regents of the UH System, are located at the UH System's Central campus and are a division of UH. Houston Public Media Foundation ("HPMF") is a legally separate and tax-exempt entity meeting the criteria to be discretely presented as a component unit.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Stations herewith present their financial statements for fiscal years ended August 31, 2021 and 2020. The financial statements have been prepared in accordance with the standards of the Governmental Accounting Standards Board, which establishes accounting principles generally accepted in the United States of America for state and local governments. The three primary financial statements presented are the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. The information contained in the financial statements of the Stations is incorporated within the UH System's Annual Financial Report.

FINANCIAL STATEMENTS

The financial statements consist of the following:

The *statement of net position* reflects the Stations' assets and liabilities using the accrual basis of accounting, and represents the financial position as of the conclusion of the fiscal year. Net position is equal to assets minus liabilities. Unrestricted net position is available to the Stations for any lawful purpose. Unrestricted net position often has constraints imposed by management, which can be removed or modified. Net investment in capital assets represents the original acquisition value of capital assets, net of accumulated depreciation and outstanding debt obligations related to those capital assets. Restricted net position represents net position that can be utilized only in accordance with third-party imposed restrictions.

The *statement of revenues, expenses, and changes in net position* identifies operating revenues received by the Stations. Additionally, the operating expenses incurred by the Stations during the fiscal year are displayed. Any revenues or expenses resulting from other than operations would also be displayed on this statement.

HOUSTON PUBLIC MEDIA
(A DIVISION OF THE UNIVERSITY OF HOUSTON SYSTEM)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2021 AND 2020
(Continued)

The *statement of cash flows* reflects the inflows and outflows of cash and cash equivalents and shows the various cash activities by type, reconciling the beginning cash and cash equivalents amount to the ending cash and cash equivalents amount, which is shown on the statement of net position described above. In addition, this statement reconciles cash flows from operating activities to operating income (loss) on the statement of revenues, expenses, and changes in net position described above.

This MD&A uses the prior fiscal year as a reference point in illustrating issues and trends for determining whether the Stations' financial health may have improved or deteriorated.

CONDENSED FINANCIAL INFORMATION

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Assets:			
Current assets	\$ 4,831,142	\$ 137,167	\$ 607,299
Capital assets, net	2,679,880	3,318,674	3,970,165
Other non-current assets	2,339,316	1,783,015	1,659,073
Total assets	<u>9,850,338</u>	<u>5,238,856</u>	<u>6,236,537</u>
Liabilities:			
Current liabilities	<u>985,684</u>	<u>887,701</u>	<u>963,949</u>
Net position:			
Net investment in capital assets	2,679,880	3,318,674	3,954,024
Restricted for endowment funds	2,394,143	1,782,266	1,659,073
Unrestricted (deficit)	3,790,631	(749,785)	(340,509)
Total net position	<u>\$ 8,864,654</u>	<u>\$ 4,351,155</u>	<u>\$ 5,272,588</u>
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating revenues	\$ 21,863,044	\$ 24,521,590	\$ 26,241,679
Operating expenses	<u>18,772,041</u>	<u>25,534,305</u>	<u>22,461,756</u>
Operating income (loss)	<u>3,091,003</u>	<u>(1,012,715)</u>	<u>3,779,923</u>
Nonoperating income (loss):			
American Rescue Plan funds	883,632	-	-
Endowment contributions (distributions)	(33,264)	(58,491)	(57,499)
Gain from endowment	589,129	138,635	46,761
Other nonoperating income (expense)	(17,001)	11,138	92,786
	<u>1,422,496</u>	<u>91,282</u>	<u>82,048</u>
Change in net position	4,513,499	(921,433)	3,861,971
Net position, beginning of year (as restated)	4,351,155	5,272,588	1,410,617
Net position, end of year	<u>\$ 8,864,654</u>	<u>\$ 4,351,155</u>	<u>\$ 5,272,588</u>

HOUSTON PUBLIC MEDIA
(A DIVISION OF THE UNIVERSITY OF HOUSTON SYSTEM)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2021 AND 2020
(Continued)

Operating revenues include sources that are primarily used to provide services to the Stations' viewers and listeners. The following schedule presents a summary and comparison of revenues for the fiscal years ended August 31, 2021, 2020 and 2019:

Revenues by Source	FY21		FY20		FY19		2021 – 2020 Increase (Decrease)		2020 – 2019 Increase (Decrease)	
	(A) Amount	% of Total	(B) Amount	% of Total	(C) Amount	% of Total	(A-B) Amount	% of Total	(B-C) Amount	% of Total
Operating revenues:										
Contributions	\$ 12,754,784	58%	\$ 13,728,142	56%	\$ 15,680,322	60%	\$ (973,358)	37%	\$ (1,952,180)	113%
General support from the UH System	2,558,750	12%	3,534,612	14%	3,352,847	13%	(975,862)	37%	181,765	-11%
Program underwriting	2,595,593	12%	3,458,115	14%	3,312,716	13%	(862,522)	32%	145,399	-8%
Production service Corporation for Public Broadcasting (CPB) grants	883,981	4%	1,080,708	4%	1,250,269	5%	(196,727)	7%	(169,561)	10%
Royalties	2,331,099	11%	2,218,525	9%	1,963,671	7%	112,574	-4%	254,854	-15%
Special events	100,797	0%	-	0%	-	0%	100,797	-4%	-	0%
Other	93	0%	6,834	0%	7,013	0%	(6,741)	0%	(179)	0%
Total operating revenues	637,947	3%	494,654	2%	674,841	3%	143,293	-5%	(180,187)	10%
	<u>\$ 21,863,044</u>	<u>100%</u>	<u>\$ 24,521,590</u>	<u>100%</u>	<u>\$ 26,241,679</u>	<u>100%</u>	<u>\$ (2,658,546)</u>	<u>100%</u>	<u>\$ (1,720,089)</u>	<u>-7%</u>

Operating expenses are the costs necessary to provide those services and to fulfill the mission of the Stations. Alternatively, operating expenses categorized using the natural classification method are disclosed in the schedules of functional expenses. The following schedule presents a summary and comparison of expense for the fiscal years ended August 31, 2021, 2020 and 2019.

Expenses by Function	FY21		FY20		FY19		2021 – 2020 Increase (Decrease)		2020 – 2019 Increase (Decrease)	
	(A) Amount	% of Total	(B) Amount	% of Total	(C) Amount	% of Total	(A-B) Amount	% of Total	(B-C) Amount	% of Total
Operating expenses:										
Programming and production (PRD) Broadcasting, engineering and technical (BET)	\$ 7,536,923	40%	\$ 8,928,511	35%	\$ 8,619,318	38%	\$ (1,391,588)	21%	\$ 309,193	10%
Occupancy and physical plant operations (BET)	2,162,307	12%	4,243,601	17%	2,574,406	11%	(2,081,294)	31%	1,669,195	54%
Program information (PGM)	325,429	2%	325,429	1%	325,429	1%	-	0%	-	0%
Fundraising and membership development (FND)	1,435	0%	280	0%	4,967	0%	1,155	0%	(4,687)	0%
Underwriting and grant solicitation (UND)	1,688,065	9%	1,738,467	7%	2,677,282	12%	(50,402)	1%	(938,815)	-31%
Management and general (MGT)	707,776	4%	1,018,271	4%	319,353	1%	(310,495)	5%	698,918	23%
Institutional support (MGT)	3,220,196	17%	5,165,325	20%	3,935,917	18%	(1,945,129)	29%	1,229,408	40%
Depreciation	2,233,321	12%	3,209,183	13%	3,027,418	13%	(975,862)	14%	181,765	6%
Total operating expenses	896,589	5%	905,238	4%	977,666	4%	(8,649)	0%	(72,428)	-2%
	<u>\$ 18,772,041</u>	<u>100%</u>	<u>\$ 25,534,305</u>	<u>100%</u>	<u>\$ 22,461,756</u>	<u>100%</u>	<u>\$(6,762,264)</u>	<u>100%</u>	<u>\$ 3,072,549</u>	<u>100%</u>

HOUSTON PUBLIC MEDIA
(A DIVISION OF THE UNIVERSITY OF HOUSTON SYSTEM)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2021 AND 2020
(Continued)

FINANCIAL HIGHLIGHTS AND ANALYSIS

Assets and Liabilities - Fiscal Year 2021 Compared to Fiscal Year 2020

- Current assets increased primarily due to a large operating surplus that substantially increased cash and cash equivalents due to significant expense measures put in place for FY21 in anticipation of the pandemic's impact on fundraising.
- There were increases in the market values for the investments restricted for endowments.
- HPM's current liabilities increases are driven by accounts payable and unearned revenue results. Unearned revenue refers to underwriting revenue collected before the broadcast schedule airs that it is funding.

Assets, and Liabilities - Fiscal Year 2020 Compared to Fiscal Year 2019

- Current assets decreased primarily due to large expenditures for Houston Public Media's tower and transmitter consolidation and relocation project. Expenditures flowed through operations and reduced Houston Public Media's final cash position.
- There were increases in the market values for the investments restricted for endowments.
- HPM saw an overall decrease in current liabilities due to decreases in accrued payroll expenses, accrued employee compensable leave and accrued accounts payable. The HPM Chiller note payable balance was fully paid off.

Operating Revenues – Fiscal Year 2021 Compared to Fiscal Year 2020

Houston Public Media's operating revenue was impacted by the pandemic in the recurring revenue channels of contributions, underwriting, and production service. Contributions were also impacted because multi-year commitments to the Tower and Transmitter consolidation project were fully funded in 2020 and are not recurring in 2021. HPM's overall revenue benefited from a one-time American Rescue Plan grant from CPB of \$883,632 that is listed in nonoperating income.

Operating Revenues – Fiscal Year 2020 Compared to Fiscal Year 2019

Houston Public Media's revenue from contributions decreased by \$1,952,180. Other revenue channels remained strong in fiscal year 2020. There were revenue increases to memberships and underwriting and the CPB received additional funds for COVID relief, which was distributed to stations resulting in approximately \$255,000 in additional grant.

Operating Expenses – Fiscal Year 2021 Compared to Fiscal Year 2020

Operating expenses decreased across all departments due to staff reductions at the end of FY20 in anticipation of COVID-19 driven revenue-declines. Broadcasting, engineering, and technical expenses were significantly reduced due to the Tower and Transmitter consolidation project major expense completion in FY20. Additionally, in Management and General, travel expenses were greatly reduced due to COVID-19.

HOUSTON PUBLIC MEDIA
(A DIVISION OF THE UNIVERSITY OF HOUSTON SYSTEM)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2021 AND 2020
(Continued)

Operating Expenses – Fiscal Year 2020 Compared to Fiscal Year 2019

Operating expense variances were primarily driven by the tower and transmitter consolidation/relocation project. This accounts for approximately \$1.5 million increase in 2020. Additionally, programming expenses were up approximately \$300,000 due to vendor increases. Salaries and benefits were flat year over year. Travel and other discretionary expenses were closely managed in response to anticipated revenue impact resulting from COVID-19 business disruptions.

Capital Asset and Debt Administration

As of the end of fiscal 2021 and 2020, the Stations had \$2,679,880 and \$3,318,674 of capital assets, net of accumulated depreciation, respectively. These assets included buildings and building improvements, furniture and equipment, vehicles, land, and indefinite-lived intangible assets.

Title to these assets resides with the UH System, which allocates custody of the assets to the Stations for its operational needs. Accountability for capital assets is consistent with policies established by the State of Texas. Assets are depreciated over their recommended useful lives. The Stations capitalize assets when the acquisition cost exceeds certain threshold values. Funds for the acquisition of capital assets are provided from the Stations' operating revenues.

Requests for Information

Questions regarding the information provided in this Annual Financial Report or requests for additional financial information should be addressed to the Director of Finance, Houston Public Media at: KUHF-FM & KUHT-TV, 4343 Elgin, Houston, Texas 77204-0008.

HOUSTON PUBLIC MEDIA
(A DIVISION OF THE UNIVERSITY OF HOUSTON SYSTEM)
STATEMENTS OF NET POSITION
AUGUST 31, 2021 AND 2020

	2021		2020	
	Primary Institution	Component Unit (HPMF)	Primary Institution	Component Unit (HPMF)
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	\$ 3,896,239	\$ 1,001,564	\$ 37,397	\$ 717,900
Accounts receivable	-	688,600	-	554,960
Restricted cash and cash equivalents	883,632	315,027	-	246,940
Film rights, net	51,271	-	99,770	-
Total current assets	<u>4,831,142</u>	<u>2,005,191</u>	<u>137,167</u>	<u>1,519,800</u>
Noncurrent assets				
Capital assets, net	2,679,880	14,100	3,318,674	14,100
Investments	2,339,316	2,053,673	1,783,015	1,672,247
Total noncurrent assets	<u>5,019,196</u>	<u>2,067,773</u>	<u>5,101,689</u>	<u>1,686,347</u>
Total Assets	<u>9,850,338</u>	<u>4,072,964</u>	<u>5,238,856</u>	<u>3,206,147</u>
<u>LIABILITES</u>				
Current liabilities				
Accounts payable	133,214	232,334	15,030	213,716
Accrued payroll	473,637	-	493,838	-
Employees' compensable leave	378,833	-	378,833	-
Unearned revenue	-	249,145	-	273,617
Total liabilities	<u>985,684</u>	<u>481,479</u>	<u>887,701</u>	<u>487,333</u>
<u>NET POSITION</u>				
Net position				
Net investment in capital assets	2,679,880	14,100	3,318,674	14,100
Restricted:				
Nonexpendable	1,510,511	2,053,673	1,547,744	1,678,894
Expendable	883,632	315,027	234,522	264,940
Unrestricted (deficit)	3,790,631	1,208,685	(749,785)	760,880
Total Net Position	<u>\$ 8,864,654</u>	<u>\$ 3,591,485</u>	<u>\$ 4,351,155</u>	<u>\$ 2,718,814</u>

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

HOUSTON PUBLIC MEDIA
(A DIVISION OF THE UNIVERSITY OF HOUSTON SYSTEM)
STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020

	2021		2020	
	Primary Institution	Component Unit (HPMF)	Primary Institution	Component Unit (HPMF)
Operating revenues				
Contributions	\$ 12,754,784	\$ 12,284,358	\$ 13,728,142	\$ 11,751,349
General support from the UH System	2,558,750	-	3,534,612	-
Program underwriting	2,595,593	3,010,617	3,458,115	4,134,161
Production service	883,981	14,132	1,080,708	4,774
Corporation for Public Broadcasting (CPB) grants	2,331,099	-	2,218,525	-
Royalties	100,797	-	-	-
Special events	93	-	6,834	-
Other	637,947	68,087	494,654	68,650
Total operating revenues	<u>21,863,044</u>	<u>15,377,194</u>	<u>24,521,590</u>	<u>15,958,934</u>
Operating expenses				
Grants to primary institution	-	12,426,907	-	13,698,282
Programming and production (PRD)	7,536,923	95,774	8,928,511	76,648
Broadcasting, engineering and technical (BET)	2,162,307	5,041	4,243,601	10,091
Occupancy and physical plant operations (BET)	325,429	-	325,429	-
Program information (PGM)	1,435	-	280	-
Fundraising and membership development (FND)	1,688,065	1,465,852	1,738,467	1,473,799
Underwriting and grant solicitation (UND)	707,776	707,776	1,018,271	1,071,025
Management and general (MGT)	3,220,196	184,599	5,165,325	400,983
Institutional support (MGT)	2,233,321	-	3,209,183	-
Depreciation	896,589	-	905,238	-
Total operating expenses	<u>18,772,041</u>	<u>14,885,949</u>	<u>25,534,305</u>	<u>16,730,828</u>
Operating income (loss)	<u>3,091,003</u>	<u>491,245</u>	<u>(1,012,715)</u>	<u>(771,894)</u>
Nonoperating income (loss)				
American Rescue Plan funds	883,632	-	-	-
Endowment contributions (distributions)	(33,264)	-	(58,491)	18,000
Gain (loss) from endowment	589,129	381,426	138,635	(24,647)
Other nonoperating income (expense)	(17,001)	-	11,138	-
Total nonoperating income (loss)	<u>1,422,496</u>	<u>381,426</u>	<u>91,282</u>	<u>(6,647)</u>
Change in net position	<u>4,513,499</u>	<u>872,671</u>	<u>(921,433)</u>	<u>(778,541)</u>
Net position , beginning of year, as restated (Note 13)	4,351,155	2,718,814	5,272,588	3,497,355
Net position , end of year	<u>\$ 8,864,654</u>	<u>\$ 3,591,485</u>	<u>\$ 4,351,155</u>	<u>\$ 2,718,814</u>

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

HOUSTON PUBLIC MEDIA
(A DIVISION OF THE UNIVERSITY OF HOUSTON SYSTEM)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020

	2021	2020
	Primary	Primary
	Institution	Institution
Cash flows from operating activities		
Proceeds from contributions	\$ 12,754,784	\$ 13,728,142
Proceeds from CPB grants	2,331,099	2,218,525
Proceeds from program underwriting	2,595,593	3,458,118
Proceeds from other revenues	1,622,818	1,582,196
Payments to suppliers for goods and services	(7,052,270)	(7,228,868)
Payments to employees	(5,965,842)	(9,372,987)
Payments for broadcasting fees	(2,113,808)	(4,442,615)
Net cash provided by (used in) operating activities	4,172,374	(57,489)
Cash flows from noncapital financing activities		
Proceeds from American Rescue Plan funds	883,632	-
Other nonoperating income	-	11,138
Net cash provided by noncapital financing activities	883,632	11,138
Cash flows from capital and related financing activities		
Purchase of capital assets	(274,796)	(253,747)
Purchase of film rights	(38,300)	(117,695)
Payments on note payable	-	(16,141)
Net cash used in capital and related financing activities	(313,096)	(387,583)
Cash flows from investing activities		
Endowment distributions	(33,264)	(58,491)
Other	32,828	14,693
Net cash used in investing activities	(436)	(43,798)
Change in cash and cash equivalents	4,742,474	(477,732)
Cash and cash equivalents, beginning of year	37,397	515,129
Cash and cash equivalents, end of year	\$ 4,779,871	\$ 37,397
Cash and cash equivalents are presented on the Statements of Net Position as:		
Cash and cash equivalents	\$ 3,896,239	\$ 37,397
Restricted cash and cash equivalents	883,632	-
	\$ 4,779,871	\$ 37,397
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	\$ 3,091,003	\$ (1,012,715)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation expense	896,589	905,238
Amortization of film rights	86,799	110,092
Changes in assets and liabilities:		
Accounts receivable	-	3
Accounts payable	118,184	(2,640)
Accrued payroll	(20,201)	(19,313)
Employees' compensable leave	-	(38,154)
Total adjustments	1,081,371	955,226
Net cash provided by (used in) operating activities	\$ 4,172,374	\$ (57,489)

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

HOUSTON PUBLIC MEDIA
(A DIVISION OF THE UNIVERSITY OF HOUSTON SYSTEM)
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

(1) **Entity:**

Houston Public Media (the “Stations” or “Primary Institution”) of the University of Houston (“UH”) System (the “UH System”), which consists of a noncommercial, listener-supported radio station (“KUHF”) and a viewer-supported television station (“KUHT”), serves as Houston's National Public Radio (“NPR”) affiliate and classical music source and Houston's Public Broadcasting Services (“PBS”) affiliate. KUHF signed on the air in 1950 as a public radio station. KUHT signed on the air on May 25, 1953, as the nation's first noncommercial educational television station. KUHF provides news and cultural programming at both local and national levels. KUHT provides the building blocks for the Stations' schedule with locally produced and acquired programs selected primarily for their appeal to a national audience; programs chosen on the basis of quality and audience interests are presented uninterrupted by commercial announcements. The Stations, licensed to the Board of Regents of the UH System, are located at the UH System's Central campus and are a division of the UH System. As a division of the UH System, the Stations are exempt from federal income taxes other than taxes on unrelated business income, if any. The Stations operate 24 hours a day. The Stations are located in the fourth largest metropolitan area of the United States. These financial statements present financial information that is attributable to the Stations and do not purport to, and do not, present fairly the financial position of the UH System.

The Stations are dedicated to education and outreach through a wide variety of activities, such as community advancement, and expanding and strengthening partnerships and collaborations with key arts organizations in Houston. In pursuing all the dissimilar goals, the Stations have consistently used cutting edge technology to extend the value of its services.

KUHT is a full-service television station licensed to UH. The studio facilities are on the UH campus in the LeRoy and Lucile Melcher Center for Public Broadcasting. The transmitter facilities are located in Missouri City, Texas. The digital video services offered today include one high-definition program service and two standard-definition services. KUHT was the first Houston television station to offer closed captioning for hearing impaired viewers and descriptive video for visually impaired persons. It was the first in Houston to offer stereo broadcasts and the first to make use of the Second Audio Program capabilities to provide additional services to the Greater Houston area, including access to the Houston Taping for the Blind radio service. The broadcast signal reaches 33 counties in southeast Texas and is carried on numerous cable television systems, as well as both the Dish Network and DirecTV satellite services.

KUHF's new media technologies are rapidly developing with the changing landscape of on-demand media around the world. Services include all news and all music internet streams; podcasts; on-demand shows; user interactive event calendars; RSS feeds; and iPhone, Android and iPad applications.

Houston Public Media Foundation (“HPMF”), formerly known as the Association for Community Broadcasting (“ACB”) and as the Association for Community Television (“ACT”), was organized in 1969, as a Texas nonprofit corporation, primarily for the purpose of providing financial and other support to KURT, Channel 8, in Houston, Texas. On January 25, 2005, the Board of Regents of the UH System and ACT agreed that the same services provided to KUHT would also be provided to KUHF and thus adopted the ACB name. On January 30, 2014, ACB changed its name to HPMF to be more aligned with the station's new branding under the newly formed Houston Public Media division of UH.

HOUSTON PUBLIC MEDIA
(A DIVISION OF THE UNIVERSITY OF HOUSTON SYSTEM)
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

(1) **Entity:** (Continued)

The UH System and HPMF, as part of an ongoing agreement, have stipulated that all grants for the Stations' programming and other activities will be deposited with the UH System's Office of Sponsored Programs or, at the discretion of the general manager of the Stations, deposited in accounts maintained by HPMF and immediately and exclusively available to the Stations.

HPMF is directed by a Board of Directors, who are elected by other HPMF Directors, and is managed on a daily basis by a combination of Board Officers and the Stations' employees. There are no separately issued financial statements of HPMF.

HPMF is a legally separate and tax-exempt entity meeting all of the following criteria to be discretely presented as a component unit. These criteria are as follows:

- The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units or its constituents.
- The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
- The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The financial statements of the Primary Institution and its component unit, HPMF, are presented using the same categories in order to provide consistency. HPMF is not a governmental entity, and as such, current year data has been made to conform to reporting under Governmental Accounting Standards Board ("GASB") standards.

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

The following is a summary of the more significant accounting policies of the Stations, which affect significant elements of the accompanying financial statements:

(a) **Basis of accounting**—The financial accounting records of the Stations and HPMF are maintained by the UH System's Office of the Associate Vice Chancellor for Finance in accordance with accounting principles generally accepted in the United States of America for colleges and universities.

The financial statements for both the Stations and HPMF are presented using the economic resources measurement focus and the accrual basis of accounting whereby revenues are recorded when earned and all expenses are recorded when they have been incurred.

(b) **Reporting guidelines**—The Stations are reported as a single-purpose business-type activity entity. In addition, the Stations' financial statements have been prepared in accordance with the CPB's *Application Principles of Accounting and Financial Reporting to Public Telecommunications Entities*.

HOUSTON PUBLIC MEDIA
(A DIVISION OF THE UNIVERSITY OF HOUSTON SYSTEM)
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

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

(c) **Net position**—In the statements of net position, net position includes the following:

(i) *Net investment in capital assets*—Represents the Stations' or HPMF's original acquisition value of capital assets, net of accumulated depreciation and outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

(ii) *Restricted*—The component of net position that reports the constraints placed on the use of net position by either external parties and/or enabling legislation, reduced by any liabilities to be paid from these assets.

Nonexpendable restricted net position—represents endowment principal which cannot be used for operational purposes and which is restricted in perpetuity.

Expendable restricted net position—represents income received from endowments, which are available for purposes restricted by the donors, and can include grants and gifts restricted by the donor for a specific purpose.

(iii) *Unrestricted*—represents resources that are available for the support of the Stations' or HPMF's operations.

When the Stations or HPMF incur an expense for which both restricted and unrestricted resources may be used, it is the policy of management to use restricted resources first then unrestricted resources.

(d) **Revenue recognition**—Appropriations from the University are recorded as revenues within production services, program underwriting, and other in the statement of revenues, expenses, and changes in net position when an expenditure is recorded.

Unrestricted contributions and gifts do not have binding agreements and are recorded as revenues when received. Unrestricted grants are recorded as revenues at the time the grant awards are received and when eligibility requirements have been met. Restricted support and revenues are recognized upon incurring the appropriate expenses or meeting the eligibility requirements.

Underwriting revenues are contributions and are recognized as support in the period received.

(e) **Accounts receivable**—Accounts receivable are stated at the amount billed to customers or grantors. Accounts receivable are ordinarily due 30 days after the issuance of an invoice. There was no allowance for doubtful accounts recorded at August 31, 2021 and 2020.

(f) **Cash and cash equivalents**—Cash and cash equivalents are considered to be claims on cash, cash on hand and demand deposits with original maturities of three months or less from the date of acquisition.

**HOUSTON PUBLIC MEDIA
(A DIVISION OF THE UNIVERSITY OF HOUSTON SYSTEM)
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020**

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

Cash and equivalents and restricted cash for the Stations represent the Stations' prorated share of commingled cash and cash equivalents held and invested by the UH System acting as the Stations' fiscal agent to optimize the rate of return. All of the funds included in cash and cash equivalents are insured or registered or are securities held by the UH System or its agent in the UH System's name.

Immediately upon formal written notification of an approved appropriation or grant, the UH System permits the Stations to draw cash against the full appropriation or grant (in compliance with the terms of the appropriation or grant) regardless of whether the UH System has received the related funds.

For current accounts, the UH System allocated a percentage of the interest income earned to the Stations at a fixed rate based on its monthly average cash balance.

(g) **Capital assets**—Capital assets represent buildings and equipment acquired primarily for the operation of the Stations. Title of the buildings and equipment rests with the State of Texas (the “State”) in the name of the UH System and, therefore, such assets can be transferred to or from the Stations at the discretion of the UH System. The threshold for capitalization of assets is \$5,000 and over. Capital assets are stated at cost at the date of acquisition or estimated acquisition value at the date of donation. Expenditures for repairs and maintenance are charged to current operating expenses as incurred.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and building improvements	15-22 years
Furniture and equipment	3-15 years
Intangible and other assets	10 years
Land	Not depreciable
Indefinite-lived intangible assets	Not depreciable

Useful lives are established by a uniform classification system maintained by the State and are measured from the date of acquisition.

(h) **Film rights**—Film rights purchased are amortized over the respective contract periods on a straight-line basis or over the period of expected usage. Estimated useful lives of such rights range from one to five years.

(i) **In-kind contributions**—Contributed materials, supplies, facilities, and property are recorded at their estimated fair value at the date of donation. The Stations report gifts of equipment, materials, professional services and other nonmonetary contributions as support in the accompanying statement of revenues, expenses, and changes in net position.

HOUSTON PUBLIC MEDIA
(A DIVISION OF THE UNIVERSITY OF HOUSTON SYSTEM)
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

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

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

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

In-kind contributions included in revenues and expenses in the accompanying statements of revenues, expenses, and changes in net position consist of general support from the UH System, which is further described in Note 7.

The fair value of merchandise contributed by third parties in connection with the Stations' fundraising activities is not included in the accompanying financial statements. Donated in-kind contributions of services and other intangibles, as well as promotional merchandise and donated personal services, are also not included in the accompanying financial statements.

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

According to the Communications Act, funds may be used at the discretion of recipients for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain activities begun with CSGs awarded in prior years. Certain *General Provisions* must be satisfied in connection with application for and use of the grants to maintain eligibility and meet compliance requirements. These *General Provisions* pertain to the use of grant funds, record keeping, audits, financial reporting, mailing lists, and licensee status with the Federal Communications Commission.

Any remaining CSG funds and other restricted CPB grant funds at fiscal year-end are reported as restricted cash and restricted-expendable net position on the statements of net position.

(k) **General support from the UH System**—General support from the UH System consists of allocated institutional support and physical plant costs (indirect administrative support) incurred by the UH System for which the Stations receive benefits.

Indirect administrative support is calculated using the CPB's Standard Method. For purposes of this calculation, expenses for non-broadcasting activities and unrelated business income taxes are removed from the Stations' total operating expenses, along with depreciation, amortization, in-kind contributions, and donated property and equipment to determine the Station's net direct expenses.

HOUSTON PUBLIC MEDIA
(A DIVISION OF THE UNIVERSITY OF HOUSTON SYSTEM)
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

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

For the years ended August 31, 2021 and 2020, there were no non-broadcasting activities or unrelated business income taxes.

(l) **Operating activities**—The Stations’ policy for defining operating activities as reported on the statements of revenues, expenses, and changes in net position are those that generally result from the provision of public broadcasting services to the Stations’ audience or to further HPMF’s exempt purpose. Revenues associated with, or restricted by donors to use for, capital improvements, and revenues and expenses that result from financing and investing activities are recorded as non-operating revenues. American Rescue Plan Act (“ARPA”) stabilization funds are also included within non-operating activities as these funds did not result from normal operations of the Stations or HPMF.

(m) **Functional allocation of expenses**—The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of revenues, expenses, and changes in net position. Accordingly, certain costs have been allocated among program and supporting services benefited based on total personnel costs or other systematic bases.

(n) **Employees’ compensable leave**—The liability for employees’ compensable leave represents employees’ accrued annual leave based on length of service subject to certain limitations as defined by state statute and UH System policies.

(o) **Unearned revenues**—Grant and program underwriting revenues received relating to the period after fiscal year-end are reported as unearned revenues.

(p) **Advertising**—Advertising costs are charged to operations when incurred. The Stations’ advertising expense for the year ended August 31, 2021 was \$13,030. There was no advertising expense for the year ended August 31, 2020.

(q) **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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(r) **Pension and other postemployment benefits**—As the Stations are a department of the UH System, any pension and other postemployment benefits liabilities are reported by the UH System. The UH System Annual Financial Statements may be obtained from: <https://uh.edu/office-of-finance/finance-reporting/>.

(s) **Recent accounting pronouncements**—In June 2017, the GASB issued Statement No. 87, *Leases*, to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for the Stations’ fiscal year ending August 31, 2022. Earlier application is encouraged. The Stations are currently evaluating the effect that implementation of the new Statement will have on their financial statements.

HOUSTON PUBLIC MEDIA
(A DIVISION OF THE UNIVERSITY OF HOUSTON SYSTEM)
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

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

In June 2018, GASB issued Statement No. 89, *Interest Cost in Construction*. GASB 89 was made to enhance the comparability of information about capital assets and the cost of borrowing for a reported period, and aims to simplify accounting for the interest cost incurred before the end of a construction period. The provisions in GASB 89 are effective for the Stations' fiscal year ending August 31, 2022. The Stations are currently evaluating the impact the Statement will have on their financial statements.

(t) **Income taxes**—The UH System, of which the Stations are a division, is a university established as an agency of the State of Texas prior to 1969, and is qualified as a governmental entity not generally subject to federal income tax by reason of being a state or political subdivision thereof, or an integral part of a state or political subdivision thereof or an entity whose income is excluded from gross income for federal income tax purposes under Section 115 of the Internal Revenue Code of 1986 ("IRC"). However, as a state college or university, the UH System is subject to unrelated business income pursuant to IRC Section 511(a)(2)(B). No material unrelated business income tax was incurred for the years ended August 31, 2021 and 2020.

HPMF, whose purpose is to raise money for the Stations, is exempt from income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3). No material unrelated business income tax was incurred by HPMF for the years ended August 31, 2021 and 2020.

Accordingly, no provision for income taxes has been made in the accompanying financial statements.

(u) **Reclassifications**—Certain amounts in the prior year financials have been reclassified to conform to the current year presentation. These reclassifications had no effect on total net position.

(3) **Endowment Funds:**

(i) **Primary institution**—Gifts to the UH System are placed in the UH System's endowment fund (the "Endowment Fund"), which is a pooled investment of individual endowments benefiting the entire UH System.

The Endowment Fund allocated income (net of management fees) to the individual endowments based on an income allocation policy that establishes the income payment rate as a percentage on the average of the outstanding endowment's fair value in the previous 12 fiscal quarters. That percentage was 4% in fiscal years 2021 and 2020. If an endowment was in existence less than 12 quarters, the average was based on the number of quarters in existence.

The deposits and investments of the Stations and HPMF are exposed to certain inherent risks, such as credit risk, concentration of credit risk, interest rate risk and foreign currency risk. The deposits and investments with the Endowment Fund are exposed to risks that have the potential to result in losses.

HOUSTON PUBLIC MEDIA
(A DIVISION OF THE UNIVERSITY OF HOUSTON SYSTEM)
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

(3) **Endowment Funds:** (Continued)

Those risks and their definitions are:

- Credit risk - the risk an insurer or counterparty to an investment will not fulfill its obligation.
- Custodial credit risk - the risk that in the case of default by the counterparty a government will be unable to recover its deposit/investment or collateralizing securities in the possession of an outside party. The Federal Depository Insurance Corporation (“FDIC”) covered cash on deposit up to \$250,000 at each financial institution. As of August 31, 2021 and 2020, HPMF had cash deposits held by Amegy Bank in the amount of approximately \$730,708 and \$468,000, respectively, that were uninsured and uncollateralized. HPM did not have any balances that were uninsured or uncollateralized as of August 31, 2021 and 2020, as all cash balances represent the claim of cash at the UH and not balances held at a financial institution.
- Concentration risk - the risk of loss attributable to the size of a government's investment in a single issuer.
- Interest rate risk - the risk that changes in interest rates will adversely affect the fair value of investments.
- Foreign currency risk - the risk that changes in exchange rates will adversely affect the fair value of a deposit or investment.

During fiscal years 2021 and 2020, the Endowment Management Committee of the UH System Board of Regents continued to review existing objectives, risks, asset allocation and manager structure within the endowment portfolio. The Endowment Fund Statement of Investment Objectives and Policies, among other things, establishes financial objectives for the endowment and an asset allocation with targets and ranges and categorizes each asset class as either a risk reducer or a driver of return. Further information regarding the investment balances and risks with the Endowment Fund, which does not have a credit rating, may be obtained from the UH System Office of the Treasurer.

The following summarizes the Stations' activity for the years ended August 31, 2021 and 2020:

Balance, September 1, 2019	\$ 1,659,073
FY20 net contributions (distributions)	(58,491)
FY20 realized/unrealized gain	182,433
Balance, August 31, 2020	1,783,015
FY21 net contributions (distributions)	(33,264)
FY21 realized/unrealized gain	589,565
Balance, August 31, 2021	\$ 2,339,316

Unrealized gains and losses for each year are recorded in the accompanying statements of revenues, expenses and changes in net position.

HOUSTON PUBLIC MEDIA
(A DIVISION OF THE UNIVERSITY OF HOUSTON SYSTEM)
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

(3) **Endowment Funds:** (Continued)

(ii) **Component unit (HPMF)**—The gifts received by HPMF to create endowed accounts are invested in the HPMF Endowment Fund Investment Pool (the “Investment Pool”), which is operated and overseen by the HPMF Endowment Fund (the “Endowment”) and Gift Committee and held by the University of Houston Foundation (the “U of H” “Foundation”) The Investment Pool combines the assets of all endowment fund accounts and is allocated to external investment managers. The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Thus, in any given year, any excess over the amount distributed from the Endowment will be reinvested to protect the capital against erosion by inflation.

The Endowment's spending policy is consistent with its investment objective of achieving long-term real growth in its assets. In order to achieve such long-term real growth, the Endowment should have as a goal that its total distributions and expenses not exceed the Endowment's total inflation-adjusted return on investments. Consistent with the Endowment's long-term investment objectives, the Board of Directors established the spending policy, which generally permits total distributions and expenses (including but not limited to investment management fees) not in excess of an amount equal to 4% of the average net asset value of the Endowment over the prior three years (or the life of the Endowment if shorter than three years). The Board of Directors may authorize distributions in excess of the 4% when the Stations have the need to fund one-time capital expenditures.

The Endowment has a related operating account to which annual income distributed from the endowment funds is deposited and to which expenditures, in accordance with the donor's wishes, may be charged. In the event that there is a balance in the Endowment operating account at fiscal year-end, it will automatically be transferred back to the endowment funds on a prorated basis (according to the income distributed). This procedure is called “Endowment Capitalization.” It is in the Endowment's best interests that surplus funds are capitalized, since they will yield new units and thus generate additional income in future years.

The Investment Pool is invested with an external investment manager in commingled funds who invests, for example, in marketable securities, fixed income, alternative investments, real estate and cash equivalents. The Investment Pool reported a fair value of \$2,053,673 and \$1,672,247 as of August 31, 2021 and 2020, respectively, which has been estimated by fund managers in the absence of readily available market values and is not publicly traded. These investments are domestic and international in nature and risks associated with these investments include liquidity risk, market risk, event risk, foreign exchange risk, interest rate risk and investment manager risk.

The U of H Foundation holds the Investment Pool and does not have a credit rating. Further information regarding the investment balances and risks with the U of H Foundation may be obtained from HPMF business offices by calling 713.748.8888.

The following summarizes HPMF's activity for the years ended August 31, 2021 and 2020:

Balance, September 1, 2019	\$ 1,678,894
FY20 distributions	18,000
FY20 realized/unrealized loss	(24,647)
Balance, August 31, 2020	<u>1,672,247</u>
FY21 realized/unrealized gain	381,426
Balance, August 31, 2021	<u>\$ 2,053,673</u>

HOUSTON PUBLIC MEDIA
(A DIVISION OF THE UNIVERSITY OF HOUSTON SYSTEM)
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

(4) Capital Assets:

Capital asset balances and activity for the year ended August 31, 2021, were as follows for the Stations:

	Balance September 1, 2020	Increases	Decreases	Transfers	Balance August 31, 2021
Capital assets:					
Buildings and building improvements	\$ 12,706,461	\$ -	\$ -	\$ -	\$ 12,706,461
Furniture and equipment	7,589,261	274,797	(2,738,429)	(283,958)	4,841,671
Intangible and other assets	75,000	-	-	-	75,000
Total capital assets	<u>20,370,722</u>	<u>274,797</u>	<u>(2,738,429)</u>	<u>(283,958)</u>	<u>17,623,132</u>
Less: Accumulated depreciation	17,052,048	896,589	2,721,427	283,958	14,943,252
Net capital assets	<u>\$ 3,318,674</u>	<u>\$ (621,792)</u>	<u>\$ (17,002)</u>	<u>\$ -</u>	<u>\$ 2,679,880</u>

Capital asset balances and activity for the year ended August 31, 2021, were as follows for HPMF:

	Balance September 1, 2020	Increases	Decreases	Transfers	Balance August 31, 2021
Capital assets:					
Land	\$ 14,100	\$ -	\$ -	\$ -	\$ 14,100
Program costs	652,089	-	-	-	652,089
Furniture and equipment	424,249	-	-	-	424,249
Other assets	4,050	-	-	-	4,050
Accounting software - FM	55,105	-	-	-	55,105
Accounting software - TV	55,105	-	-	-	55,105
Total capital assets	<u>1,204,698</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,204,698</u>
Less: Accumulated depreciation	1,190,598	-	-	-	1,190,598
Net capital assets	<u>\$ 14,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,100</u>

Capital asset balances and activity for the year ended August 31, 2020, were as follows for the Stations:

	Balance September 1, 2019	Increases	Decreases	Transfers	Balance August 31, 2020
Capital assets:					
Buildings and building improvements	\$ 12,706,461	\$ -	\$ -	\$ -	\$ 12,706,461
Furniture and equipment	8,564,451	253,747	(1,228,937)	-	7,589,261
Intangible and other assets	75,000	-	-	-	75,000
Total capital assets	<u>21,345,912</u>	<u>253,747</u>	<u>(1,228,937)</u>	<u>-</u>	<u>20,370,722</u>
Less: Accumulated depreciation	17,375,747	905,238	1,228,937	-	17,052,048
Net capital assets	<u>\$ 3,970,165</u>	<u>\$ (651,491)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,318,674</u>

HOUSTON PUBLIC MEDIA
(A DIVISION OF THE UNIVERSITY OF HOUSTON SYSTEM)
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

(4) **Capital Assets:** (Continued)

Capital asset balances and activity for the year ended August 31, 2020, were as follows for HPMF:

	Balance September 1, 2019	Increases	Decreases	Transfers	Balance August 31, 2020
Capital assets:					
Land	\$ 14,100	\$ -	\$ -	\$ -	\$ 14,100
Program costs	652,089	-	-	-	652,089
Furniture and equipment	424,249	-	-	-	424,249
Other assets	4,050	-	-	-	4,050
Accounting software - FM	55,105	-	-	-	55,105
Accounting software - TV	55,105	-	-	-	55,105
Total capital assets	<u>1,204,698</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,204,698</u>
Less: Accumulated depreciation	1,190,598	-	-	-	1,190,598
Net capital assets	<u>\$ 14,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,100</u>

The Stations had depreciation expense of \$896,589 and \$905,238 for the fiscal years ended August 31, 2021 and 2020, respectively. All of HPMF's depreciable assets were fully depreciated. Therefore, there was no depreciation expense for HPMF for the fiscal years ended August 31, 2021 and 2020.

(5) **Investments Restricted for Endowment and Programs:**

The Stations' investments restricted for endowment are placed in the Endowment Fund, which is a pooled investment of individual endowments. HPMF has investments restricted for endowment and investments restricted for programs in an external investment pool held with the U of H Foundation. None of the external investment pools are publicly registered and the investments may only be redeemed by action of the Board of Directors. The Endowment Fund attempts to preserve the real (inflation adjusted) purchasing power of endowment assets, when measured over rolling periods of at least five years, and to outperform the capital markets in which the endowment assets are invested, measured over rolling periods of three to five years. The U of H Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation and current yield. The U of H Foundation 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.

The Stations' and HPMF's investments are carried at fair value. Fair value is 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.

In accordance with GASB No. 72, *Fair Value Measurement and Application*, for investments in pooled funds, the fair value is determined as the number of units or shares held in the fund multiplied by the price per unit or shares as publicly quoted. Investments restricted for endowment in which a public market does not exist are based on the Stations' and HPMF's ownership interest in the net asset value ("NAV") of each fund as reported by the fund managers. Investments are reported at NAV and are not categorized according to fair value.

**HOUSTON PUBLIC MEDIA
(A DIVISION OF THE UNIVERSITY OF HOUSTON SYSTEM)
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020**

(5) **Investments Restricted for Endowment and Programs:** (Continued)

The Stations had the following recurring fair value measurements as of August 31, 2021 and 2020:

- Pooled investments of \$2,339,316 and \$1,783,015, respectively, are valued at fair value per share of the pool's underlying portfolio.

HPMF had the following recurring fair value measurements as of August 31, 2021 and 2020:

- Pooled investments of \$2,053,673 and \$1,672,247, respectively, are valued at fair value per share of the pool's underlying portfolio

There were no unfunded commitments related to the endowment funds and the redemption period for the funds is daily.

(6) **Film Rights:**

KURT pays for the right to use certain films in its broadcasting activities. The costs of those rights are amortized over the purchased periods. Changes in the costs of film rights for the years ended August 31, 2021 and 2020, were as follows:

Balance, September 1, 2019	\$	92,167
FY20 additions		117,695
FY20 amortization		(110,092)
Balance, August 31, 2020		99,770
FY21 additions		38,300
FY21 amortization		(86,799)
Balance, August 31, 2021	\$	51,271

(7) **General Support from the UH System:**

General support from the UH System includes building and related occupancy costs donated by the UH System and is recorded in operating revenues and expenses. The occupancy costs are determined based on the net book value of the building and tower, as well as the square footage of the building and tower utilized by the Stations. Occupancy cost was \$325,429 in fiscal years 2021 and 2020. The UH System also provides indirect administrative support and maintenance support to the Stations, which are recorded in operating revenues and expenses based on the UH System's allocation methods. Indirect administrative support amounted to \$2,233,321 and \$3,209,183 in fiscal years 2021 and 2020, respectively.

(8) **Leases:**

The Stations have entered into operating leases for various business purposes, including a tower antenna; fundraising software; utility van; fax and copy machine and KUHT server; web host connection in support of their operations; transmitting facility; and other equipment. The Stations have short- and long-term operating leases. During the years ended August 31, 2021 and 2020, lease expense was \$591,795 and \$609,939, respectively.

HOUSTON PUBLIC MEDIA
(A DIVISION OF THE UNIVERSITY OF HOUSTON SYSTEM)
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

(8) **Leases:** (Continued)

Future minimum lease payments under noncancellable operating lease agreements are as follows:

Year Ending August 31	Amount
2022	\$ 332,204
2023	338,576
2024	323,131
2025	327,891
2026	334,853
2027 – 2031	1,786,242
2032 – 2036	1,994,452
2037 – 2039	1,077,305
Total	\$ 6,514,654

(9) **Transactions Between Primary Institution and Component Unit:**

Cash expenditures made by HPMF on behalf of the Stations, such as expenditures associated primarily with fundraising for the Stations and production of the Stations' local programs, are recorded as revenues and expenses for the Stations. Such cash expenditures for the fiscal years ended August 31, 2021 and 2020, amounted to \$4,188,876 and \$2,861,782, respectively, and have been included in the contributions, special events and production service revenues and in operating expenses in the accompanying statements of revenues, expenses, and changes in net position.

(10) **Significant Concentrations:**

Information related to significant concentrations of revenues for the Stations and HPMF, except as otherwise disclosed, is as follows:

(a) **Accounts receivable**—At August 31, 2021, one entity represented approximately 10% of accounts receivable for HPMF. HPMF has no policy requiring collateral or other security to support receivables.

There were no significant concentrations of accounts receivable for the Stations.

(b) **Revenues**—The Stations received significant revenue from three sources in fiscal year 2021 and two sources in fiscal year 2020. The CPB provided approximately 14% of revenues, the University provided approximately 43% in cash, support and donated facilities. For the year ended August 31, 2020, the University provided approximately 40% in cash, support and donated facilities.

There were no significant concentrations of revenues for HPMF.

HOUSTON PUBLIC MEDIA
(A DIVISION OF THE UNIVERSITY OF HOUSTON SYSTEM)
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

(11) Community Service Grants:

The Station receives CSGs from the CPB annually. The CSGs received and expended during the most recent fiscal years were as follows:

<u>Year of Grant</u>	<u>Grants Received</u>	<u>Expended</u>		<u>Uncommitted Balance at August 31, 2021</u>
		<u>2019 – 2020</u>	<u>2020 – 2021</u>	
2019-21	\$ 2,218,525	\$ 2,218,525	\$ -	\$ -
2020-22	\$ 2,331,099	\$ -	\$ 2,331,099	\$ -

(12) Restrictions on Net Position:

Included in restricted expendable net position at August 31, 2020, are endowment earnings totaling \$234,522 and \$264,940 for the Stations and HPMF, respectively. Included in restricted expendable net position at August 31, 2021, are restricted cash from ARPA funds of \$883,632 and endowment earnings of \$315,027 for the Stations and HPMF, respectively. The restricted nonexpendable net position at August 31, 2021 and 2020, contains the endowment balances of \$1,510,511 and \$1,547,744, respectively.

(13) Prior Period Adjustment:

The financial statements for fiscal year 2020 have been restated to remove pension and other postemployment benefits (“OPEB”) related liabilities, deferred inflows and outflows of resources, and related expenses, which have been determined to be the responsibility of the UH System. While the Stations pay into the pension and OPEB funds on behalf of employees that work within the Stations as part of regular payroll, future pension and OPEB benefits are paid by the UH System and those obligations are reflected in the UH System’s financial statements. This correction resulted in the following previously stated items having a zero balance for the fiscal year ended August 31, 2020:

	<u>As Previously Stated</u>
Deferred outflows of resources	
Pension-related	\$ 3,808,899
OPEB	5,869,626
Total deferred outflows of resources	<u>9,678,525</u>
Liabilities	
Net other OPEB liability	271,858
Net pension liability	6,448,647
Net OPEB liability	8,588,607
Total liabilities	<u>15,309,112</u>

HOUSTON PUBLIC MEDIA
(A DIVISION OF THE UNIVERSITY OF HOUSTON SYSTEM)
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

(13) **Prior Period Adjustment:** (Continued)

	As Previously Stated
Deferred inflows of resources	
Pension-related	\$ 1,956,065
OPEB related	2,341,807
Total deferred inflows of resources	4,297,872
Net position was restated, as shown below:	
2020 net position, beginning of year as previously stated	(2,371,147)
Add net reclassification of pension liabilities, deferred inflows and outflows of resources, and 2020 pension expense	7,643,735
2020 net position, beginning of year as restated	\$ 5,272,588

Expenses for the fiscal year ended August 31, 2020 were restated by \$2,284,724, as shown below:

	As Restated	As Previously Stated
Operating expenses		
Management and general (MGT)	\$ 5,165,325	\$ 7,450,049
Schedule of Functional Expenses, Fringe benefits:		
Management and general (MGT)	\$ 336,765	\$ 2,621,489

SUPPLEMENTAL INFORMATION

HOUSTON PUBLIC MEDIA
(A DIVISION OF THE UNIVERSITY OF HOUSTON SYSTEM)
PRIMARY INSTITUTION SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2021

	Programming and Production (PRD)	Broadcasting, Engineering and Technical (BET)	Program Information (PGM)	Total	Fundraising and Membership Development (FND)	Management and General (MGT)	Underwriting and Grant Solicitation (UND)	Total	Grand Total
Salaries and wages	\$ 2,972,739	\$ 557,071	\$ -	\$ 3,529,810	\$ 217,147	\$ 857,294	\$ -	\$ 1,074,441	\$ 4,604,251
Fringe benefits	903,876	147,286	-	1,051,162	65,586	224,642	-	290,228	1,341,390
Financial and legal services	25,363	5,173	-	30,536	97	247,152	-	247,249	277,785
Fundraising	5,201	2,367	-	7,568	376,989	8,565	-	385,554	393,122
Membership fees	298	2,659	-	2,957	4,510	68,051	-	72,561	75,518
Other expenses	290,011	131,298	-	421,309	481,558	78,757	707,776	1,268,091	1,689,400
Mail services	40	1,310	-	1,350	156,394	27,306	-	183,700	185,050
Printing and reproduction services	-	-	193	193	161,672	875	-	162,547	162,740
Professional services	211,997	151,993	-	363,990	102,717	158,257	-	260,974	624,964
Program rights	3,088,557	786	-	3,089,343	-	1,394,512	-	1,394,512	4,483,855
Rental and leases	15,371	526,080	-	541,451	8,945	41,399	-	50,344	591,795
Repairs and maintenance	14,734	179,189	-	193,923	-	8,370	-	8,370	202,293
Supplies and materials	8,098	158,822	1,242	168,162	112,432	97,696	-	210,128	378,290
Telephone	-	138,577	-	138,577	-	-	-	-	138,577
Travel	638	189	-	827	18	6,665	-	6,683	7,510
Utilities	-	159,507	-	159,507	-	655	-	655	160,162
Total expenses before in-kind	<u>7,536,923</u>	<u>2,162,307</u>	<u>1,435</u>	<u>9,700,665</u>	<u>1,688,065</u>	<u>3,220,196</u>	<u>707,776</u>	<u>5,616,037</u>	<u>15,316,702</u>
In-kind	-	325,429	-	325,429	-	2,233,321	-	2,233,321	2,558,750
Total expenses before depreciation	<u>7,536,923</u>	<u>2,487,736</u>	<u>1,435</u>	<u>10,026,094</u>	<u>1,688,065</u>	<u>5,453,517</u>	<u>707,776</u>	<u>7,849,358</u>	<u>17,875,452</u>
Depreciation	-	-	-	-	-	-	-	-	896,589
Total operating expenses	<u>\$ 7,536,923</u>	<u>\$ 2,487,736</u>	<u>\$ 1,435</u>	<u>\$ 10,026,094</u>	<u>\$ 1,688,065</u>	<u>\$ 5,453,517</u>	<u>\$ 707,776</u>	<u>\$ 7,849,358</u>	<u>\$ 18,772,041</u>
Percentage of total expenses before depreciation	42%	14%	0%	56%	9%	31%	4%	44%	100%

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

HOUSTON PUBLIC MEDIA
(A DIVISION OF THE UNIVERSITY OF HOUSTON SYSTEM)
COMPONENT UNIT (HPMF) SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2021

	Grants to Primary Institution	Programming and Production (PRD)	Broadcasting, Engineering and Technical (BET)	Total	Fundraising and Membership Development (FND)	Management and General (MGT)	Underwriting and Grant Solicitation (UND)	Total	Grand Total
Financial and legal services	\$ -	\$ -	\$ -	\$ -	\$ 97	\$ 111,059	\$ -	\$ 111,156	\$ 111,156
Fundraising	-	200	200	400	376,958	6,065	-	383,023	383,423
Grants to KUHF-FM	6,213,454	-	-	6,213,454	-	-	-	-	6,213,454
Grants to KUHT-TV	6,213,454	-	-	6,213,454	-	-	-	-	6,213,454
Membership fees	-	160	-	160	4,510	-	-	4,510	4,670
Other expenses	-	87,225	4,652	91,877	558,175	47,926	707,776	1,313,877	1,405,754
Mail services	-	-	-	-	150,082	-	-	150,082	150,082
Printing and reproduction services	-	-	-	-	161,672	-	-	161,672	161,672
Professional services	-	6,500	-	6,500	92,963	14,000	-	106,963	113,463
Rental and leases	-	1,500	-	1,500	8,945	21	-	8,966	10,466
Repairs and maintenance	-	-	-	-	-	-	-	-	-
Supplies and materials	-	-	-	-	112,432	5,528	-	117,960	117,960
Travel	-	189	189	378	18	-	-	18	396
Total operating expenses	<u>\$ 12,426,907</u>	<u>\$ 95,774</u>	<u>\$ 5,041</u>	<u>\$ 12,527,722</u>	<u>\$ 1,465,852</u>	<u>\$ 184,599</u>	<u>\$ 707,776</u>	<u>\$ 2,358,227</u>	<u>\$ 14,885,949</u>

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

HOUSTON PUBLIC MEDIA
(A DIVISION OF THE UNIVERSITY OF HOUSTON SYSTEM)
PRIMARY INSTITUTION SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2020

	Programming and Production (PRD)	Broadcasting, Engineering and Technical (BET)	Program Information (PGM)	Total	Fundraising and Membership Development (FND)	Management and General (MGT)	Underwriting and Grant Solicitation (UND)	Total	Grand Total
Salaries and wages	\$ 3,289,557	\$ 753,823	\$ -	\$ 4,043,380	\$ 212,226	\$ 1,223,330	\$ -	\$ 1,435,556	\$ 5,478,936
Fringe benefits	944,515	205,361	-	1,149,876	65,217	336,765	-	401,982	1,551,858
Financial and legal services	106	21,388	-	21,494	-	275,158	-	275,158	296,652
Fundraising	13,707	5,775	-	19,482	479,933	141,222	240	621,395	640,877
Membership fees	32,205	1,131	-	33,336	4,215	24,792	-	29,007	62,343
Other expenses	160,981	1,582,717	-	1,743,698	591,871	1,237,033	1,015,687	2,844,591	4,588,289
Mail services	61	5,765	4	5,830	118,670	27,519	330	146,519	152,349
Printing and reproduction services	25	-	-	25	101,664	16,813	-	118,477	118,502
Professional services	95,248	2,800	-	98,048	71,933	182,257	-	254,190	352,238
Program rights	4,274,450	110,649	-	4,385,099	-	57,366	-	57,366	4,442,465
Rental and leases	4,080	563,106	-	567,186	3,940	38,813	-	42,753	609,939
Repairs and maintenance	47,923	161,069	-	208,992	-	34,857	-	34,857	243,849
Supplies and materials	55,176	503,388	276	558,840	87,203	1,557,395	1,438	1,646,036	2,204,876
Telephone	-	37,369	-	37,369	-	450	-	450	37,819
Travel	10,327	6,682	-	17,009	1,595	11,555	576	13,726	30,735
Utilities	-	282,578	-	282,578	-	-	-	-	282,578
Broadcasting fees	150	-	-	150	-	-	-	-	150
Total expenses before in-kind	<u>8,928,511</u>	<u>4,243,601</u>	<u>280</u>	<u>13,172,392</u>	<u>1,738,467</u>	<u>5,165,325</u>	<u>1,018,271</u>	<u>7,922,063</u>	<u>21,094,455</u>
In-kind	-	325,429	-	325,429	-	3,209,183	-	3,209,183	3,534,612
Total expenses before depreciation	<u>8,928,511</u>	<u>4,569,030</u>	<u>280</u>	<u>13,497,821</u>	<u>1,738,467</u>	<u>8,374,508</u>	<u>1,018,271</u>	<u>11,131,246</u>	<u>24,629,067</u>
Depreciation	-	-	-	-	-	-	-	-	905,238
Total operating expenses	<u>\$ 8,928,511</u>	<u>\$ 4,569,030</u>	<u>\$ 280</u>	<u>\$ 13,497,821</u>	<u>\$ 1,738,467</u>	<u>\$ 8,374,508</u>	<u>\$ 1,018,271</u>	<u>\$ 11,131,246</u>	<u>\$ 25,534,305</u>
Percentage of total expenses before depreciation	36%	19%	0%	55%	7%	34%	4%	45%	100%

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

HOUSTON PUBLIC MEDIA
(A DIVISION OF THE UNIVERSITY OF HOUSTON SYSTEM)
COMPONENT UNIT (HPMF) SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2020

	Grants to Primary Institution	Programming and Production (PRD)	Broadcasting, Engineering and Technical (BET)	Total	Fundraising and Membership Development (FND)	Management and General (MGT)	Underwriting and Grant Solicitation (UND)	Total	Grand Total
Financial and legal services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 127,259	\$ -	\$ 127,259	\$ 127,259
Fundraising	-	-	-	-	488,228	141,143	240	629,611	629,611
Grants to KUHF-FM	6,849,141	-	-	6,849,141	-	-	-	-	6,849,141
Grants to KUHT-TV	6,849,141	-	-	6,849,141	-	-	-	-	6,849,141
Membership fees	-	160	-	160	4,215	77	-	4,292	4,452
Other expenses	-	72,763	6,366	79,129	606,484	107,615	1,069,373	1,783,472	1,862,601
Mail services	-	-	-	-	112,234	-	330	112,564	112,564
Printing and reproduction services	-	-	-	-	100,739	16,223	-	116,962	116,962
Professional services	-	2,800	2,800	5,600	71,933	3,790	-	75,723	81,323
Rental and leases	-	-	-	-	2,816	150	-	2,966	2,966
Repairs and maintenance	-	925	925	1,850	-	677	-	677	2,527
Supplies and materials	-	-	-	-	86,814	3,030	1,082	90,926	90,926
Travel	-	-	-	-	336	1,019	-	1,355	1,355
Total operating expenses	<u>\$ 13,698,282</u>	<u>\$ 76,648</u>	<u>\$ 10,091</u>	<u>\$ 13,785,021</u>	<u>\$ 1,473,799</u>	<u>\$ 400,983</u>	<u>\$ 1,071,025</u>	<u>\$ 2,945,807</u>	<u>\$ 16,730,828</u>

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

HOUSTON PUBLIC MEDIA
(A DIVISION OF THE UNIVERSITY OF HOUSTON SYSTEM)
COMBINING SCHEDULE OF REVENUES AND EXPENSES BY STATION
FOR THE YEAR ENDED AUGUST 31, 2021

	<u>KUHF-FM</u>	<u>KUHT-TV</u>	<u>Totals</u>
Operating revenues			
Contributions	\$ 6,576,457	\$ 6,178,327	\$ 12,754,784
General support from the UH System	1,026,151	1,532,599	2,558,750
Program underwriting	1,323,685	1,271,908	2,595,593
Production service	530,015	353,966	883,981
Corporation for Public Broadcasting (CPB) grants	571,797	1,759,302	2,331,099
Royalties	-	100,797	100,797
Special events	-	93	93
Other	336,855	301,092	637,947
Total operating revenues	<u>10,364,960</u>	<u>11,498,084</u>	<u>21,863,044</u>
Operating expenses			
Salaries and wages	2,303,596	2,300,655	4,604,251
Fringe benefits	671,129	670,261	1,341,390
Financial and legal services	132,940	144,845	277,785
Fundraising	33,419	359,703	393,122
Membership fees	19,854	55,664	75,518
Other expenses	1,189,679	499,721	1,689,400
Mail services	108,014	77,036	185,050
Printing and reproduction services	81,274	81,466	162,740
Professional services	318,151	306,813	624,964
Program rights	883,238	3,600,617	4,483,855
Rental and leases	231,947	359,848	591,795
Repair and maintenance	89,122	113,171	202,293
Supplies and materials	232,126	146,164	378,290
Telephone	18,507	120,070	138,577
Travel	3,755	3,755	7,510
Utilities	82,229	77,933	160,162
In-kind	1,026,151	1,532,599	2,558,750
Depreciation	360,449	536,140	896,589
Total operating expenses	<u>7,785,580</u>	<u>10,986,461</u>	<u>18,772,041</u>
Operating income	<u>2,579,380</u>	<u>511,623</u>	<u>3,091,003</u>
Nonoperating income (loss)			
American Rescue Plan funds	330,335	553,297	883,632
Endowment contributions (distributions)	-	(33,264)	(33,264)
Gain (loss) from endowment	329,338	259,791	589,129
Other nonoperating loss	(17,001)	-	(17,001)
Total nonoperating income (loss)	<u>642,672</u>	<u>779,824</u>	<u>1,422,496</u>
Change in net position	<u>\$ 3,222,052</u>	<u>\$ 1,291,447</u>	<u>\$ 4,513,499</u>

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