

**KVIE, INC. AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL  
STATEMENTS WITH INDEPENDENT  
AUDITOR'S REPORT**

**YEARS ENDED  
JUNE 30, 2025 AND 2024**

## **INDEPENDENT AUDITOR'S REPORT**

**Board of Directors  
KVIE, Inc. and Subsidiary  
Sacramento, California**

### **Opinion**

We have audited the accompanying consolidated financial statements of KVIE, Inc. and Subsidiary (collectively, KVIE), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of KVIE as of June 30, 2025, and 2024, 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 KVIE and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about KVIE's ability to continue as a going concern within one year after the date that the consolidated 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 consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 consolidated 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 consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of KVIE's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about KVIE'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.



**GILBERT CPAs**  
**Sacramento, California**

**November 15, 2025**

# KVIE, INC. AND SUBSIDIARY

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION JUNE 30, 2025 AND 2024

<b>ASSETS</b>	<b><u>2025</u></b>	<b><u>2024</u></b>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 4,320,551	\$ 3,710,846
Accounts receivable, net	138,055	72,025
Contributions and grants receivable, current portion	2,374,166	34,000
Prepaid expenses and deposits	312,397	290,380
Other current assets	<u>114,658</u>	<u>81,076</u>
Total current assets	7,259,827	4,188,327
<b>NONCURRENT ASSETS:</b>		
Contributions and grants receivable, net	70,703	20,554
Other assets	16,471	34,287
Investments	38,056,795	33,516,267
Property and equipment, net	<u>7,968,992</u>	<u>7,077,419</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 53,372,788</u></b>	<b><u>\$ 44,836,854</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES:</b>		
Accounts payable	\$ 220,847	\$ 213,266
Accrued expenses	907,889	723,444
Deferred revenue	<u>449,161</u>	<u>297,195</u>
Total liabilities	<u>1,577,897</u>	<u>1,233,905</u>
<b>NET ASSETS:</b>		
Without donor restrictions:		
Undesignated	13,941,059	10,576,757
Board designated	37,043,018	32,544,065
With donor restrictions	<u>810,814</u>	<u>482,127</u>
Total net assets	<u>51,794,891</u>	<u>43,602,949</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 53,372,788</u></b>	<b><u>\$ 44,836,854</u></b>

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

# KVIE, INC. AND SUBSIDIARY

## CONSOLIDATED STATEMENTS OF ACTIVITIES (Page 1 of 2) YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS:</b>		
<b>REVENUES AND SUPPORT:</b>		
Membership contributions	\$ 9,392,307	\$ 8,953,128
Less: Direct benefit to donors	<u>(226,598)</u>	<u>(264,559)</u>
Membership contributions, net	9,165,709	8,688,569
Grants and other contributions	7,888,031	4,670,550
In-kind contributions	1,881,025	678,887
Sponsorships	749,401	915,057
Rental income	406,892	369,758
Production	312,860	402,350
Special events	235,981	233,270
Royalties	86,420	50,038
Other revenue	69,602	46,364
Net assets released from restriction	<u>15,880</u>	<u>73,008</u>
Total revenues and support	<u>20,811,801</u>	<u>16,127,851</u>
<b>EXPENSES:</b>		
<b>Program services:</b>		
Programming and production	6,925,482	5,594,806
Broadcasting	1,438,019	1,493,607
Program information and promotion	<u>981,804</u>	<u>907,401</u>
Total program services	<u>9,345,305</u>	<u>7,995,814</u>
<b>Supporting services:</b>		
Fundraising and membership development	3,292,016	3,531,020
Management and general	<u>2,962,264</u>	<u>2,342,101</u>
Total supporting services	<u>6,254,280</u>	<u>5,873,121</u>
Total expenses	<u>15,599,585</u>	<u>13,868,935</u>
<b>INCOME FROM OPERATIONS</b>	5,212,216	2,258,916
Interest and investment income	2,648,355	3,340,074
Gain on sale of property and equipment	<u>2,684</u>	<u></u>
<b>INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>7,863,255</u>	<u>5,598,990</u>

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

# KVIE, INC. AND SUBSIDIARY

## CONSOLIDATED STATEMENTS OF ACTIVITIES (Page 2 of 2) YEARS ENDED JUNE 30, 2025 AND 2024

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	<u>2025</u>	<u>2024</u>
<b>NET ASSETS WITH DONOR RESTRICTIONS:</b>		
Grants and other contributions	\$ 344,567	\$ 30,800
Net assets released from restriction	<u>(15,880)</u>	<u>(73,008)</u>
<b>INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<u>328,687</u>	<u>(42,208)</u>
<b>INCREASE IN NET ASSETS</b>	8,191,942	5,556,782
<b>NET ASSETS, Beginning of Year</b>	<u>43,602,949</u>	<u>38,046,167</u>
<b>NET ASSETS, End of Year</b>	<u>\$ 51,794,891</u>	<u>\$ 43,602,949</u>

## KVIE, INC. AND SUBSIDIARY

### CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2025

	Program services			Supporting services		<u>Total</u>
	<u>Programming and production</u>	<u>Broadcasting</u>	<u>Program information and promotion</u>	<u>Fundraising and membership development</u>	<u>Management and general</u>	
Personnel costs	\$ 2,367,544	\$ 314,034	\$ 415,364	\$ 1,321,236	\$ 1,439,597	\$ 5,857,775
Professional services	949,087	20,755	186,122	901,536	953,935	3,011,435
Program acquisition and development	3,000,028					3,000,028
Depreciation	265,905	481,080	16,451	67,216	72,098	902,750
Occupancy	122,074	479,764	15,120	62,551	62,057	741,566
Repairs and maintenance	118,253	103,175	14,839	59,448	57,516	353,231
Postage, shipping, printing, and supplies	12,184	5,147	266,517	52,629	10,071	346,548
Membership costs				342,588		342,588
Bank charges and interest	8,287	3,958	1,039	253,021	4,028	270,333
Advertising and community relations	2,410		51,249	170,613	22,329	246,601
Dues and subscriptions	1,045		27	6,055	140,569	147,696
Insurance, fees, and permits	41,634	23,492	5,224	23,596	24,457	118,403
Conferences, trainings, and travel	36,749	6,614	9,852	24,286	19,554	97,055
Miscellaneous	282			7,241	156,053	163,576
 Total expenses	 <u>\$ 6,925,482</u>	 <u>\$ 1,438,019</u>	 <u>\$ 981,804</u>	 <u>\$ 3,292,016</u>	 <u>\$ 2,962,264</u>	 <u>\$ 15,599,585</u>

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

## KVIE, INC. AND SUBSIDIARY

### CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2024

	Program services			Supporting services		<u>Total</u>
	<u>Programming and production</u>	<u>Broadcasting</u>	<u>Program information and promotion</u>	<u>Fundraising and membership development</u>	<u>Management and general</u>	
Personnel costs	\$ 1,947,415	\$ 291,990	\$ 359,874	\$ 1,140,217	\$ 1,430,134	\$ 5,169,630
Professional services	364,966	40,059	158,467	1,275,639	371,457	2,210,588
Program acquisition and development	2,721,665					2,721,665
Depreciation	230,444	524,078	16,935	67,913	34,681	874,051
Occupancy	113,464	475,895	15,013	63,399	61,202	728,973
Repairs and maintenance	117,445	109,865	15,658	62,787	60,730	366,485
Postage, shipping, printing, and supplies	11,188	8,284	273,601	56,740	11,793	361,606
Membership costs				405,141		405,141
Bank charges and interest	20,134	10,233	2,685	246,112	10,409	289,573
Advertising and community relations	1,815		52,002	173,172	20,329	247,318
Dues and subscriptions	946		26	1,760	107,616	110,348
Insurance, fees, and permits	37,563	22,674	5,008	20,426	22,440	108,111
Conferences, trainings, and travel	26,224	10,529	5,044	17,714	20,089	79,600
Miscellaneous	1,537		3,088		191,221	195,846
 Total expenses	 <u>\$ 5,594,806</u>	 <u>\$ 1,493,607</u>	 <u>\$ 907,401</u>	 <u>\$ 3,531,020</u>	 <u>\$ 2,342,101</u>	 <u>\$ 13,868,935</u>

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

# KVIE, INC. AND SUBSIDIARY

## CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in net assets	\$ 8,191,942	\$ 5,556,782
Reconciliation to net cash and cash equivalents provided by operating activities:		
Depreciation	902,750	874,051
Net realized and unrealized gain on investments	(1,994,258)	(2,981,282)
Receipt of donated investments	(89,961)	(52,892)
Receipt of donated property and equipment	(1,162,000)	(188,000)
Gain on disposal of property and equipment	(770)	
Amortization of deferred financing costs		7,479
Permanently restricted contributions	(5,000)	(4,000)
Changes in:		
Accounts receivable	(66,030)	49,678
Employee Retention Tax Credit receivable		365,733
Contributions and grants receivable	(2,390,315)	296,245
Prepaid expenses and deposits	(22,017)	(87,082)
Other assets	(15,766)	(33,000)
Accounts payable	7,581	(1,397)
Accrued expenses	184,445	(10,012)
Deferred revenue	151,966	(138,083)
Net cash and cash equivalents provided by operating activities	<u>3,692,567</u>	<u>3,654,220</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(55,890,040)	(15,250,966)
Proceeds from sale of investments	53,433,731	14,688,486
Purchases of property and equipment	(635,323)	(547,841)
Proceeds from sale of property and equipment	3,770	
Net cash and cash equivalents used by investing activities	<u>(3,087,862)</u>	<u>(1,110,321)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Permanently restricted contributions	5,000	4,000
Repayment of long-term debt		(3,422,618)
Net cash and cash equivalents provided (used) by financing activities	<u>5,000</u>	<u>(3,418,618)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	609,705	(874,719)
<b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>	<u>3,710,846</u>	<u>4,585,565</u>
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	<u>\$ 4,320,551</u>	<u>\$ 3,710,846</u>
<b>SUPPLEMENTAL DISCLOSURE:</b>		
Cash paid for interest	<u>\$ 21,054</u>	<u>\$ 64,428</u>

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

# KVIE, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

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### 1. ORGANIZATION AND PROGRAMS

KVIE, Inc. (the Station) is a nonprofit corporation that was incorporated in 1955 under the laws of the State of California and made its first television broadcast in 1959, becoming the second non-commercial station to debut in the state. Its purpose is to provide educational television programming and related services to the Sacramento-Stockton-Modesto television market, the nation's 20<sup>th</sup> largest. Following is a description of the Station's primary programs:

- **Programming and production** consist of the selection of programs to be aired by the Station and the production of video by the Station to be aired locally, nationally on other Public Broadcasting Service (PBS) stations, and internationally.
- **Program information and promotion** relates to providing viewers with information about the Station's programming, local productions, events, and other mission-related services that include educational workshops and trainings that help preschoolers, students, teachers, and families.
- **Broadcasting** is related to the transmission of the Station's content to viewers through various media, including over-the-air broadcasting, cable, satellite, and the internet.

KVIE Real Estate Holdings, LLC (the LLC) is a wholly-owned subsidiary of the Station established to act as a title-holding company.

### 2. SIGNIFICANT ACCOUNTING POLICIES

**Principles of consolidation** – The accompanying consolidated financial statements reflect the consolidation of the Station and the LLC (collectively, KVIE). All significant inter-company balances and transactions have been eliminated upon consideration.

**Basis of accounting and financial statement presentation** – The consolidated financial statements are prepared on the accrual basis of accounting and in conformity with professional standards applicable to not-for-profit entities. KVIE reports information regarding its financial position and activities according to two classes of net assets:

*Net assets without donor restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of KVIE. These net assets may be used at the discretion of management.

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

**Revenue recognition** – Contributions, including grants from corporations and private organizations, are recognized in full when received or unconditionally promised, in accordance with professional standards. Membership fees are considered contributions and are recognized when received by KVIE. Conditional promises to give, which depend on the occurrence of specified future and uncertain events, are not recorded until the conditions are met. Sponsorship revenues relate to station

# KVIE, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

sponsorships where the donor is recognized adjacent to programming on KVIE. These revenues are recorded as conditional contributions, with revenue recognized over the life of the underwriting contract as conditions are met.

Outstanding conditional promises to give for the purposes of sponsorship were \$304,993 and \$266,337 as of June 30, 2025 and 2024, respectively, and will be recognized as revenue as the conditions are met.

Contributions of materials, equipment, land, and professional services are recorded as in-kind contributions and recognized at the estimated fair value as of the date of donation or service. KVIE recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. KVIE receives services from a large number of volunteers who give significant amounts of their time to KVIE's programs and fundraising campaigns, but which do not meet the criteria for financial statement recognition.

All contributions are considered available for unrestricted use unless specifically restricted by donors for future periods or specific purposes. Donor-restricted amounts are reported as increases in net assets with donor restrictions. Net assets with donor restrictions become unrestricted and are reported in the consolidated statements of activities as net assets released from restrictions when the time restrictions expire or the contributions are used for the restricted purpose. All restricted contributions whose restrictions and conditions are met in the same reporting period are recognized as revenue within net assets without donor restrictions. Net assets with donor restrictions whose restrictions are permanent in nature are those net assets whose use by KVIE is restricted by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled and removed by the actions of KVIE, and consist of contributions to KVIE's endowment fund.

KVIE's revenue from contracts with customers consists of production revenues, special events, and royalties. Production revenues consist of revenue for production costs of programs produced by KVIE and are recognized and billed based on the percentage of production completion of the program sponsored. Video production revenue consists of fees for production services provided by KVIE to outside parties. These revenues are recorded and billed as services are performed. Special event revenue is recognized when the related event occurs, and royalty revenue is recognized when earned.

For the years ended June 30, 2025 and 2024, revenue recognized for goods and services provided over time were \$312,860 and \$402,350, respectively. For the years ended June 30, 2025 and 2024, revenue recognized for goods and services provided at a point in time were \$322,401 and \$283,308, respectively.

The balances of accounts receivable and contract liabilities from contracts with customers are as follows as of June 30:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Accounts receivable	\$ 138,055	\$ 72,025	\$ 95,533
Contract liabilities:			
Deferred revenue	\$ 401,815	\$ 203,000	\$ 330,350

**Cash and cash equivalents** – For financial statement purposes, KVIE considers all investments with an initial maturity of three months or less to be cash equivalents, unless held for long-term purposes.

# KVIE, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

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KVIE minimizes credit risk associated with cash by periodically evaluating the credit quality of its primary financial institution. The balance at times may exceed federally insured limits. KVIE has not experienced any losses in such accounts, and management believes KVIE is not exposed to any significant credit risk related to cash. Cash balances in excess of the federally insured limits as of June 30, 2025 and 2024 were \$3,518,954 and \$3,123,988, respectively.

**Accounts receivable** represent amounts for which KVIE has an unconditional right to receive. Accounts receivable are stated at the amount management expects to be collected from the outstanding balance. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to bad debt expense. Based on management's assessment of receivables having outstanding balances, past history, and future expectations, there was an allowance for credit losses as of June 30, 2025 and 2024 of \$121,498 and \$89,134, respectively.

**Contributions and grants receivable** – Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. In subsequent years, amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to contributions receivable. The valuation allowance as of June 30, 2025 and 2024 was \$4,297 and \$6,062, respectively.

**Investments** are stated at fair value and held for long-term purposes.

**Property and equipment** is stated at cost or, if donated, at the estimated fair market value at the date of donation. KVIE capitalizes all expenditures for property and equipment in excess of \$1,000. Depreciation is computed using the straight-line method over estimated useful lives of individual assets ranging from one to forty years.

Equipment purchased with grant funds from the National Telecommunications and Information Administration may revert to that agency if KVIE wishes to dispose of the equipment within 10 years from the date of the grant. Such equipment is capitalized and included in property and equipment.

**Functional allocation of expenses** – The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated based on usage include depreciation and telephone services. Expenses that are allocated based on occupancy percentage of each functional area include bank charges, insurance, interest expense, utilities, facilities supplies, and teambuilding costs. Certain personnel costs are allocated based on estimated time and effort. All other costs are allocated based on direct usage.

# KVIE, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

**Use of estimates** – The preparation of consolidated 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.

**Income taxes** – KVIE is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, but is subject to income taxes from activities unrelated to its tax-exempt purpose. KVIE has applied the accounting principles related to accounting for uncertainty in income taxes and has determined that there is no material impact on the consolidated financial statements.

**Fair value measurements** – Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same; to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability). In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, as follows:

Level 1 Inputs	Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
Level 2 Inputs	Inputs other than quoted prices in active markets that are observable either directly or indirectly.
Level 3 Inputs	Unobservable inputs for the assets or liabilities.

**Subsequent events** have been reviewed through November 15, 2025, the date the consolidated financial statements were issued. Management concluded that no material subsequent events have occurred since June 30, 2025, that require recognition or disclosure in such consolidated financial statements, except as described in Note 12.

### 3. LIQUIDITY AND AVAILABILITY OF RESOURCES

KVIE's financial assets available within one year of the consolidated statements of financial position date for general expenditure are as follows:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 4,320,551	\$ 3,710,846
Investments	38,056,795	33,516,267
Contributions, grants, and accounts receivable, net of allowance	2,582,924	126,579
Total financial assets	<u>44,960,270</u>	<u>37,353,692</u>
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Board-designated funds	(37,043,018)	(32,544,065)
Restriction by donors for time or purpose	<u>(810,814)</u>	<u>(448,127)</u>
Total financial assets available for general expenditure within one year	<u>\$ 7,106,438</u>	<u>\$ 4,361,500</u>

# KVIE, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

KVIE has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 90 days of normal operating expenses, which, in total, on average, is approximately \$3,495,000.

KVIE 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, KVIE invests excess operating cash in short-term investments, including certificates of deposit. KVIE also has a \$1,000,000 line of credit, which it could draw upon in the event of unanticipated liquidity needs.

### 4. CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable consist of the following, as of June 30:

	<u>2025</u>	<u>2024</u>
Contributions and grants	\$ 2,449,166	\$ 60,616
Less: Valuation allowance	<u>(4,297)</u>	<u>(6,062)</u>
Total	<u>\$ 2,444,869</u>	<u>\$ 54,554</u>

Contributions and grants receivable will be collected as follows, as of June 30:

	<u>2025</u>	<u>2024</u>
Within one year	\$ 2,374,166	\$ 34,000
One to five years	75,000	26,616
Less: Valuation allowance	<u>(4,297)</u>	<u>(6,062)</u>
Total	<u>\$ 2,444,869</u>	<u>\$ 54,554</u>

### 5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following, as of June 30:

	<u>2025</u>	<u>2024</u>
Land	\$ 3,483,128	\$ 2,574,128
Buildings	9,511,528	9,424,718
Broadcast equipment	8,254,213	7,860,647
Production equipment	3,486,066	3,198,286
Office and production furniture and equipment	1,407,689	1,315,232
Leasehold improvements	427,713	427,713
Vehicles and related equipment	160,814	151,188
Construction in process		1,493
Total	<u>26,731,151</u>	<u>24,953,405</u>
Less: Accumulated depreciation and amortization	<u>(18,762,159)</u>	<u>(17,875,986)</u>
Total	<u>\$ 7,968,992</u>	<u>\$ 7,077,419</u>

# KVIE, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

Land and broadcast equipment include assets donated to KVIE from the Capital Public Radio Endowment, Inc. Land and broadcast equipment associated with this donation are valued at \$1,097,000 and \$250,000, respectively, as of June 30, 2025. Title to these assets is held by the LLC. See Note 15 for additional information on this donation.

### 6. INVESTMENTS

KVIE's investments are included in Level 1 of the fair value hierarchy as they are based on quoted prices in active markets. Long-term investments consist of the following, as of June 30:

	<u>2025</u>	<u>2024</u>
Level 1 Investments:		
Cash and equivalents	\$ 13,308,707	\$ 105,781
Stock funds:		
Information technology	3,744,331	4,006,583
Financials	1,674,829	2,210,297
Health care	1,294,083	3,426,664
Consumer discretionary	1,240,287	2,011,777
Communication services	1,128,163	1,967,275
Industrials	914,411	2,353,411
Consumer staples	732,984	2,381,673
Energy	379,672	1,086,194
Utilities	305,599	689,908
Real estate	268,622	90,873
Materials	211,247	1,291,970
Fixed income funds:		
Ultra-short-term	7,999,475	4,291,266
US fixed income taxable	3,103,174	1,035,358
Short-term	1,751,211	6,115,716
Alternative funds:		
Precious metals		451,521
Total	<u>\$ 38,056,795</u>	<u>\$ 33,516,267</u>

### 7. LINE OF CREDIT

KVIE has a \$1,000,000 revolving line of credit with a bank, secured by property, with interest payable monthly at 4.00% per annum and principal due in one installment upon maturity at December 31, 2025. There were no amounts outstanding on this line of credit at June 30, 2025 and 2024.

### 8. LONG-TERM DEBT

KVIE executed a promissory note with River City Bank secured by KVIE's building and payable in monthly installments of \$25,022, including interest at 4.00% per annum. KVIE paid the outstanding note balance of \$3,393,093 in October 2023.

Total interest expense was \$52,850 for the year ended June 30, 2024. No interest expense was incurred for the year ended June 30, 2025.

# KVIE, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

### 9. NET ASSETS

Net assets without donor restrictions are as follows:

	<u>2025</u>	<u>2024</u>
Board-designated reserve	\$ 37,043,018	\$ 32,544,065
Undesignated	<u>13,941,059</u>	<u>10,576,757</u>
Total net assets without donor restrictions	<u>\$ 50,984,077</u>	<u>\$ 43,120,822</u>

Net assets with donor restrictions are as follows:

	<u>2025</u>	<u>2024</u>
Abridged program	\$ 174,981	
Time-restricted contributions receivable	120,674	\$ 54,554
Production	73,586	
Outreach	5,000	
Vehicle charging equipment	4,000	
Perpetual endowment fund	<u>432,573</u>	<u>427,573</u>
Total net assets with donor restrictions	<u>\$ 810,814</u>	<u>\$ 482,127</u>

The donor-restricted endowment funds comprise net assets with donor restrictions restricted into perpetuity, which are to be used to support the ongoing operations of KVIE. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

KVIE classifies as net assets with perpetual donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) accumulated unrealized appreciation and depreciation of endowment investments if directed by the donor gift instrument, (c) the original value of subsequent gifts to the permanent endowments, and (d) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Perpetually restricted net assets as of June 30, 2025 and 2024 consist of one endowment fund that is invested in perpetuity with interest and dividends to be used for operating purposes. KVIE received perpetually restricted contributions to the endowment of \$5,000 and \$4,000 in the years ended June 30, 2025, and 2024, respectively. The endowment investment policy, approved by the Board of Directors, emphasizes preservation of the principal balance as its primary objective and growth and income as secondary objectives.

Board-designated net assets have been designated to provide reserves to assure the ability of KVIE to meet operating needs on an as-needed basis and do not represent a Board endowment fund.

# KVIE, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

### 10. IN-KIND CONTRIBUTIONS

KVIE received the following in-kind contributions for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Donated property and equipment	\$ 1,162,000	\$ 188,000
Tower facilities	360,000	360,000
Professional services	317,823	76,006
Goods and supplies	<u>41,202</u>	<u>54,881</u>
Total donated services and facilities	<u>\$ 1,881,025</u>	<u>\$ 678,887</u>

Contributed property and equipment represents land and broadcast equipment donated to KVIE for use or sale and was valued through a third-party assessment. Contributed use of tower facilities represents the fair value of facilities provided to KVIE as part of a cancellable use lease. Contributed services represent legal services from attorneys advising KVIE on various administrative legal matters and are valued at the cost KVIE would incur for the services if they were not contributed. Goods and supplies represent complimentary tickets received for use in fundraising events and were valued at the face value of the tickets.

KVIE's policy related to in-kind contributions is to utilize the assets given to carry out its mission. All gifts-in-kind received by KVIE for the years ended June 30, 2025 and 2024 were considered without donor restrictions and were able to be used by KVIE as determined by the Board of Directors and management.

### 11. RENTAL INCOME

KVIE leases office spaces under non-cancelable operating leases expiring through 2027. Revenue from these agreements will be recognized on the straight-line basis in accordance with professional standards.

The following is an analysis of the carrying amounts of the underlying assets related to operating leases:

	<u>2025</u>	<u>2024</u>
Land	\$ 2,386,128	\$ 2,386,128
Buildings	<u>9,511,528</u>	<u>9,424,718</u>
Total	11,897,656	11,810,846
Less: Accumulated depreciation	<u>(8,023,679)</u>	<u>(7,754,410)</u>
Total	<u>\$ 3,873,977</u>	<u>\$ 4,056,436</u>

The following is an analysis of the maturity of the undiscounted operating lease payments to be received on non-cancelable leases:

#### Fiscal year ending June 30:

2026	\$ 162,036
2027	<u>7,310</u>
Total	<u>\$ 169,346</u>

# KVIE, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

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### 12. COMMUNITY SERVICE GRANT

The Corporation for Public Broadcasting (CPB) is a private, nonprofit, and grant-making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSG) to qualifying public telecommunications entities. CSGs are used to augment the financial resources of public broadcasting stations in order 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), (1983) Supplement. 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. KVIE uses these funds for purposes relating primarily to the production and acquisition of programming. Also, the grants may be used to sustain activities begun with CSGs awarded in prior years.

The grants are reported on the accompanying consolidated financial statements as unrestricted operating revenue; however, certain guidelines must be satisfied in connection with the application for and use of the grants to maintain eligibility and compliance requirements. These guidelines pertain to the use of grant funds, record keeping, audits, financial reporting, and licensee status with the Federal Communications Commission.

In July 2025, subsequent to June 30, 2025, the *Recissions Act of 2025* was passed by the United States Congress, cutting all federal funding for CPB. In August 2025, CPB announced plans to shut down in January 2026 due to a lack of federal funding. CSG funds totaling \$2,455,109 and \$2,315,645 were received during the years ended June 30, 2025, and 2024, respectively. Although the loss in funding is significant, KVIE believes it has sufficient resources to continue operations.

### 13. RETIREMENT PLAN

KVIE sponsors a 401(k) retirement plan with an effective date of July 1, 2014. Regular full-time and part-time employees over the age of 21 are eligible to participate in the plan. Under the provisions of the plan, KVIE's matching contribution is at the rate of 100% of the first 1% of qualified wages and 50% of contributions that exceed 1% of qualified wages up to a maximum total of 6% of qualified wages. Non-safe harbor matching and nonelective contribution accounts are subject to a 3-year cliff vesting schedule, and safe harbor matching contribution accounts are subject to a 2-year cliff vesting schedule. Employer contributions totaled \$252,263 and \$189,471 for the years ended June 30, 2025 and 2024, respectively.

### 14. INCOME TAXES

While KVIE is exempt from federal and state taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code, respectively, net income generated by the Video Production Department, which provides video production facilities and services, as well as magazine advertising income and debt-financed income are all taxable as unrelated business income.

# **KVIE, INC. AND SUBSIDIARY**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024**

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### **15. RISK AND UNCERTAINTIES**

In the year ended June 30, 2024, the Capital Public Radio Endowment donated a parcel of land and a broadcast tower to the LLC. The donation included unimproved land, improved land, and a broadcast tower. At the time of donation, KVIE recorded only the value of the unimproved land, which was appraised at \$185,000. During the year ended June 30, 2025, KVIE recorded the improved land and broadcast tower based on appraised values of \$912,000 and \$250,000, respectively. These donated assets are recorded in property and equipment on the consolidated statements of financial position. Ownership of the broadcast tower is currently the subject of a legal dispute. A decision adverse to KVIE's ownership position would change how KVIE would record these assets in the future.