

**CASCADE PUBLIC MEDIA AND SUBSIDIARIES**

Consolidated Financial Statements

For the Year Ended June 30, 2024

## Table of Contents

---

	Page
<b>Independent Auditor's Report</b>	1 - 3
<b>Financial Statements:</b>	
Consolidated Statement of Financial Position	4
Consolidated Statement of Activities and Changes in Net Assets	5
Consolidated Statement of Functional Expenses	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8 - 24

## Independent Auditor's Report

**To the Board of Directors  
Cascade Public Media  
Seattle, Washington**

### Opinion

We have audited the financial statements of Cascade Public Media and Subsidiaries (collectively, the Organization), which comprise the consolidated statement of financial position as of June 30, 2024 and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Report on Summarized Comparative Information

We have previously audited the Organization's June 30, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 15, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### Responsibilities of Management for the Financial Statements

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



T: 425-454-4919  
T: 800-504-8747  
F: 425-454-4620

10900 NE 4th St  
Suite 1400  
Bellevue WA  
98004

[clarknuber.com](http://clarknuber.com)

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

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

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

In performing an audit in accordance with GAAS, we:

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

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

## Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statistical information in Note 1 are presented for purposes of additional analysis and was not a required part of the financial statements. Such information is the responsibility of management and, except for that portion marked "unaudited," was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information, except for that portion marked "unaudited," has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for that portion marked "unaudited," on which we express no opinion nor any assurance, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Clark Nuber PS*

Certified Public Accountants  
November 13, 2024

**CASCADE PUBLIC MEDIA AND SUBSIDIARIES**

**Consolidated Statement of Financial Position  
June 30, 2024  
(With Comparative Totals for 2023)**

	<u>2024</u>	<u>2023</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 10,035,580	\$ 13,152,368
Restricted cash		25,000
Investments held for short-term purposes	6,755,425	6,398,389
Accounts, grants and contributions receivable, net	2,379,058	855,165
Prepaid expenses and other current assets	<u>1,179,201</u>	<u>1,111,144</u>
<b>Total Current Assets</b>	<b>20,349,264</b>	<b>21,542,066</b>
Grants and contributions receivable, long-term	633,941	1,671,129
Investments held for long-term purposes	51,046,694	49,619,339
Beneficial interest in trusts	641,151	677,772
Land, property and equipment, net	47,080,587	32,187,398
Other assets	<u>519,460</u>	<u>415,588</u>
<b>Total Assets</b>	<b><u>\$ 120,271,097</u></b>	<b><u>\$ 106,113,292</u></b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued expenses	\$ 3,896,798	\$ 5,243,190
Deferred revenue	1,259,660	996,543
Note payable	<u>403,658</u>	
<b>Total Current Liabilities</b>	<b>5,560,116</b>	<b>6,239,733</b>
Liabilities under split interest agreements	317,325	390,956
Accrued expenses, net of current	238,446	142,380
Deferred revenue, net of current	1,753,052	1,610,477
Note payable, net of current	<u>16,633,376</u>	<u>17,029,856</u>
<b>Total Liabilities</b>	<b>24,502,315</b>	<b>25,413,402</b>
<b>Net Assets:</b>		
Without donor restrictions	68,180,269	47,565,777
With donor restrictions	<u>27,588,513</u>	<u>33,134,113</u>
<b>Total Net Assets</b>	<b><u>95,768,782</u></b>	<b><u>80,699,890</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 120,271,097</u></b>	<b><u>\$ 106,113,292</u></b>

See accompanying notes.

## CASCADE PUBLIC MEDIA AND SUBSIDIARIES

### Consolidated Statement of Activities and Changes in Net Assets For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

	2024		Total	2023 Total
	Without Donor Restrictions	With Donor Restrictions		
<b>Cascade Public Media</b>				
<b>Revenues:</b>				
Memberships	\$ 18,804,959	\$ -	\$ 18,804,959	\$ 17,752,737
Community service and other grants from the Corporation for Public Broadcasting	3,515,624		3,515,624	3,240,124
Other grants and contributions	2,461,298	1,203,120	3,664,418	1,599,237
Capital campaign	8,857,277		8,857,277	7,593,227
Endowment contributions		20,095	20,095	2,000,000
Underwriting	770,185		770,185	907,605
In-kind contributions	628,406		628,406	761,356
Excess transmission capacity contract and lease revenue	3,488,196		3,488,196	3,464,361
Investment return, net	3,163,712	2,548,111	5,711,823	3,950,008
Other revenue	756,161		756,161	629,435
Net assets released from restrictions	9,316,926	(9,316,926)		
<b>Total Revenues</b>	<b>51,762,744</b>	<b>(5,545,600)</b>	<b>46,217,144</b>	<b>41,898,090</b>
<b>Expenses:</b>				
Program services	20,986,465		20,986,465	17,994,388
Supporting services-				
Development and fundraising	6,057,105		6,057,105	5,860,748
General and administrative	3,745,031		3,745,031	3,535,592
Total supporting services	9,802,136		9,802,136	9,396,340
<b>Total Expenses</b>	<b>30,788,601</b>		<b>30,788,601</b>	<b>27,390,728</b>
Loss on disposal of property and equipment	245,172		245,172	
<b>Total Change in Cascade Public Media Net Assets</b>	<b>20,728,971</b>	<b>(5,545,600)</b>	<b>15,183,371</b>	<b>14,507,362</b>
<b>Piranha Partners Inc</b>				
<b>Revenues:</b>				
Production revenue	150,596		150,596	423,363
Investment income	404		404	467
<b>Total Revenues</b>	<b>151,000</b>		<b>151,000</b>	<b>423,830</b>
General and administrative expenses	265,479		265,479	564,144
<b>Total Change in Piranha Partners Inc Net Assets</b>	<b>(114,479)</b>		<b>(114,479)</b>	<b>(140,314)</b>
<b>Total Change in Net Assets</b>	<b>20,614,492</b>	<b>(5,545,600)</b>	<b>15,068,892</b>	<b>14,367,048</b>
Net assets, beginning of year	47,565,777	33,134,113	80,699,890	66,332,842
<b>Net Assets, End of Year</b>	<b>\$ 68,180,269</b>	<b>\$ 27,588,513</b>	<b>\$ 95,768,782</b>	<b>\$ 80,699,890</b>

See accompanying notes.

**CASCADE PUBLIC MEDIA AND SUBSIDIARIES**

**Consolidated Statement of Functional Expenses  
For the Year Ended June 30, 2024  
(With Comparative Totals for 2023)**

	Program Services				Supporting Services			Total Expenses	
	Programming and Production	Broadcasting	Program Information and Promotion	Total Program Services	Development and Fundraising	General and Administrative	Total Supporting Services	2024	2023
Personnel	\$ 5,293,206	\$ 1,043,019	\$ 2,374,324	\$ 8,710,549	\$ 2,813,449	\$ 2,856,348	\$ 5,669,797	\$ 14,380,346	\$ 13,325,905
Program acquisition	4,743,291			4,743,291				4,743,291	3,919,529
Professional services	823,038	260,213	604,245	1,687,496	1,038,697	283,016	1,321,713	3,009,209	3,267,192
Supplies and maintenance	752,745	171,471	350,396	1,274,612	278,556	130,976	409,532	1,684,144	1,255,034
Advertising and promotion			1,202,914	1,202,914	282,701	11,549	294,250	1,497,164	1,153,695
Depreciation and amortization	924,890	89,603	391,340	1,405,833	101,502	111,962	213,464	1,619,297	1,105,375
Printing and postage	3,355	783	699,627	703,765	685,392	6,747	692,139	1,395,904	1,198,067
Licenses, permits and fees	162,505	22,455	80,694	265,654	636,756	116,220	752,976	1,018,630	633,844
Miscellaneous	206,453	145,144	230,241	581,838	150,646	21,150	171,796	753,634	899,251
Insurance	13,782	3,065	10,642	27,489	2,849	340,484	343,333	370,822	361,283
Occupancy	70,121	64,746	60,209	195,076	16,724	24,168	40,892	235,968	339,707
Travel and training	92,862	1,366	42,734	136,962	25,675	35,521	61,196	198,158	156,762
Membership and dues	4,349		360	4,709	4,280	72,369	76,649	81,358	77,403
Donated services and supplies			46,277	46,277	19,878		19,878	66,155	261,825
<b>Total Expenses 2024</b>	<b>\$ 13,090,597</b>	<b>\$ 1,801,865</b>	<b>\$ 6,094,003</b>	<b>\$ 20,986,465</b>	<b>\$ 6,057,105</b>	<b>\$ 4,010,510</b>	<b>\$ 10,067,615</b>	<b>\$ 31,054,080</b>	
<b>Total Expenses 2023</b>	<b>\$ 11,343,550</b>	<b>\$ 2,105,440</b>	<b>\$ 4,545,398</b>	<b>\$ 17,994,388</b>	<b>\$ 5,860,748</b>	<b>\$ 4,099,736</b>	<b>\$ 9,960,484</b>		<b>\$ 27,954,872</b>

See accompanying notes.



## CASCADE PUBLIC MEDIA AND SUBSIDIARIES

### Consolidated Statement of Cash Flows For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

	2024	2023
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ 15,068,892	\$ 14,367,048
Adjustments to reconcile change in net assets to net cash provided by operating activities-		
Depreciation and amortization	1,619,297	1,105,375
Contributions restricted for investment in long-term assets and endowment	(8,837,182)	(7,997,368)
Realized and unrealized gain on investments, net	(4,491,275)	(2,906,899)
Contribution of beneficial interest in remainder trust		(144,699)
Change in value of beneficial interest in trusts	(28,379)	(151,475)
Amortization of debt issuance costs	7,178	7,179
Loss on disposal of property and equipment	245,172	
Changes in operating assets and liabilities:		
Accounts, grants and contributions receivable, net	(491,540)	(223,757)
Prepaid expenses and other current assets	(171,929)	(657,382)
Beneficial interest in trust		1,567,482
Accounts payable and accrued expenses	327,069	70,002
Deferred revenue	405,692	4,854
Liabilities under split interest agreements	(73,631)	(42,999)
<b>Net Cash Provided by Operating Activities</b>	<b>3,579,364</b>	<b>4,997,361</b>
<b>Cash Flows From Investing Activities:</b>		
Purchases of land, property and equipment	(18,335,053)	(4,501,363)
Purchases of investments	(24,236,616)	(15,042,329)
Proceeds from sale of investments	27,008,500	9,914,741
<b>Net Cash Used in Investing Activities</b>	<b>(15,563,169)</b>	<b>(9,628,951)</b>
<b>Cash Flows From Financing Activities:</b>		
Proceeds from contributions restricted for investment in long-term assets and endowments	8,842,017	6,915,341
Payments of debt issuance costs		(2,000)
<b>Net Cash Provided by Financing Activities</b>	<b>8,842,017</b>	<b>6,913,341</b>
<b>Net Change in Cash, Cash Equivalents and Restricted Cash</b>	<b>(3,141,788)</b>	<b>2,281,751</b>
Cash, cash equivalents and restricted cash, beginning of year	13,177,368	10,895,617
<b>Cash, Cash Equivalents and Restricted Cash, End of Year</b>	<b>\$ 10,035,580</b>	<b>\$ 13,177,368</b>
<b>Reconciliation to Consolidated Statement of Financial Position:</b>		
Cash and cash equivalents	\$ 10,035,580	\$ 13,152,368
Restricted cash		25,000
	<b>\$ 10,035,580</b>	<b>\$ 13,177,368</b>
<b>Supplementary Information:</b>		
Property and equipment purchases in accounts payable	\$ 853,331	\$ 2,430,726
Cash paid for interest	\$ 419,870	\$ 416,885

See accompanying notes.

## CASCADE PUBLIC MEDIA AND SUBSIDIARIES

### Notes to Consolidated Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

---

#### Note 1 - Nature of Operations and Significant Accounting Policies

**Organization** - Cascade Public Media (dba Cascade PBS) is a nonprofit corporation providing quality public television programming and public interest journalism throughout western and central Washington and British Columbia. Cascade PBS educates and enriches the community by producing and distributing informative and entertaining programs across multiple platforms; creating meaningful community engagement and public dialogue on important local and national issues; and publishing investigative and political news from across the state. In addition to its primary programming, Cascade PBS provides three additional streams of programming, which includes PBS KIDS 24/7, a television stream featuring curriculum-based educational content for families throughout the state; WORLD Channel, a television stream highlighting documentary, science and news programs from around the globe; and Create, a food, travel and lifestyle stream.

In 1953, the University of Washington was issued a construction permit to build a noncommercial television station, which began broadcasting on December 7, 1954, as KCTS-TV. On September 18, 1983, KCTS Television was incorporated in the State of Washington. Four years later the University of Washington transferred the broadcast license of KCTS-TV to KCTS Television to operate independently.

On May 4, 1994, KCTS Television entered into a merger agreement to assume the operations of KYVE-TV licensed to Yakima, Washington.

To further expand its services, KCTS Television entered into a merger agreement with Crosscut Public Media, a nonprofit daily news organization on December 2, 2015. This assumption prompted KCTS Television to change its name to Cascade Public Media while providing services to the community as KCTS-TV and Crosscut.com. In October 2023, Cascade Public Media unified KCTS-TV, KYVE-TV and Crosscut.com under Cascade PBS to better reflect the regional community it serves.

The Channel 9 Corporation (the Corporation), a for-profit entity, was incorporated in the State of Washington by the Organization on September 9, 1991. In November 2018, the Corporation acquired Piranha Partners LLC and changed the name of the Corporation to Piranha Partners Inc. (Piranha). Piranha provided video production and creative services to other nonprofit and for-profit businesses. During the year ended June 30, 2024, Cascade PBS assumed Piranha. Additionally, the activities of Piranha were absorbed by Cascade PBS and included in the consolidated statement of activities.

On May 29, 2017, Cascade PBS incorporated Friends of KCTS 9 Society in British Columbia to promote and build funding support for public media, engage communities on social and civic issues, and to build audiences and fundraising for public media in the region.

During the fiscal year 2024, more than 131,000 donors made a contribution to Cascade PBS (unaudited).

**Principles of Consolidation** - The consolidated financial statements include the accounts of Cascade PBS, Friends of KCTS 9 Society, and Piranha (collectively, the Organization). All significant inter-organization accounts and transactions have been eliminated.

## CASCADE PUBLIC MEDIA AND SUBSIDIARIES

### Notes to Consolidated Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

---

#### Note 1 - Continued

**Basis of Presentation** - The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions for use. Changes in this category of net assets include restricted contributions whose donor-imposed restrictions were met during the fiscal year.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time. Also included in this category are net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization. The donors of these assets permit the Organization to use the income earned on related investments for general or specific purposes.

#### Revenue Recognition -

Contributions - Contribution revenue is recognized when cash is received, goods and services are donated, or when an unconditional promise is made. The Organization's contributions are derived from various sources: memberships (individual donations); other grants and contracts, community service and other grants from Corporation for Public Broadcasting; donated professional services, materials, and facilities; fundraising events; and capital campaign contributions (Note 2). Conditional promises to give are not recorded as revenue until donor conditions are met. There were no outstanding conditional contribution at June 30, 2024 and \$750,000 of conditional contributions at June 30, 2023.

Memberships - The Organization also earns revenue from memberships. This revenue is bifurcated such that the portion of the revenue that is an unconditional contribution is recognized when cash is received and the portion that is classified as an exchange transaction is deferred and recognized ratably over the membership term using the output method.

Excess Transmission Capacity Contract - The Organization provides use of excess broadcast capacity under a contract with a third party. Excess capacity transmission revenue is recognized ratably on a monthly basis over the contract term as the excess capacity is provided, using the output method.

Underwriting - Underwriting revenue is considered a conditional grant. Revenue from these transactions is recognized as donor-imposed conditions of the underwriting agreements are met, typically when spots air or events are held. There was \$44,272 and \$65,250 of deferred revenue for conditional underwriting agreements at June 30, 2024 and 2023, respectively. Additionally, there was \$133,484 and \$194,269 of underwriting contracts signed but not billed or earned at June 30, 2024 and 2023, respectively. Revenue from conditional underwriting grants is expected to be recognized over the next year.

Production - Production revenue represents amounts earned by the Organization for production-related services performed. These revenues are recognized as performance obligations are met using the output method.

## CASCADE PUBLIC MEDIA AND SUBSIDIARIES

### Notes to Consolidated Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

---

#### Note 1 - Continued

**Cash and Cash Equivalents** - Investments with original maturities of less than 90 days are considered to be cash equivalents, except for cash or cash equivalents associated with investment accounts.

**Restricted Cash** - Restricted cash at June 30, 2023 consisted of deposits made in connection with third-party agreements. Amounts will be released upon satisfaction of performance requirements.

**Investments** - Investments in debt and equity securities with readily determinable market values are recorded at fair value. Investments in securities traded on national securities exchanges are valued at the closing price on the last business day of the fiscal year. Securities traded on the over-the-counter market are valued at the last reported bid price. Brokered certificates of deposit are reported at fair value based on active markets. Unrealized and realized gains and losses on investments are reported net of related investment expense on the consolidated statement of activities and changes in net assets.

**Accounts, Grants and Contributions Receivable** - Grants and contributions receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to change in net assets and a credit to a valuation allowance. The valuation allowance is calculated using estimated collection rates by the days outstanding. Balances that remain outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to grants or contributions receivable. The allowance for doubtful accounts totaled approximately \$218,000 and \$201,000 at June 30, 2024 and 2023, respectively. Current grants and contribution receivables are due within one year.

The Organization has trade receivables for production revenue, excess transmission capacity contract, and software as a service revenue. Trade accounts receivable is stated at the amount the Organization expects to collect. An allowance for credit losses was not deemed necessary as of the year ended June 30, 2024 or 2023.

**Costs Incurred for Programs Not Yet Available for Viewing** - Costs incurred for programs not yet available for viewing represent acquisition costs of programs that will be available for viewing subsequent to year end and, excluding overhead, costs to produce programs for which future funding can be reasonably assured. These costs are accumulated in prepaid expenses and other current assets on the consolidated statement of financial position. Such costs are expensed and included in expenses when the program is first available for viewing either on television or on the Organization's steaming platforms.

## CASCADE PUBLIC MEDIA AND SUBSIDIARIES

### Notes to Consolidated Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

---

#### Note 1 - Continued

**Land, Property and Equipment** - Land, property and equipment are recorded at cost or, in the case of donated property, estimated fair value at the date of receipt. Depreciation, where applicable, is calculated using the straight-line method over the following estimated useful lives:

Building and improvements	Lesser of 40 years or remaining lease term
Transmitter, antenna, microwave/TVRO	5 - 20 years
Studio and other broadcast and production equipment	3 - 7 years
Furniture and fixtures	5 - 10 years

**Leases** - The Organization determines if an arrangement contains a lease at inception. Right-of-use (ROU) assets represent a right to use an underlying asset for the lease term and operating lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. If the Organization's leases do not provide an implicit rate of return; the Organization uses the risk-free discount rate, determined using a period comparable with that of the lease term from the later of the lease commencement date or implementation date. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. A ROU asset and operating lease liability is not recognized for leases with an initial term of 12 months or less or when total lease payments are less than \$20,000. The Organization's current leases do not exceed this established threshold.

**In-Kind Contributions** - The Organization receives in-kind contributions from various sources that meet the criteria for recognition under U.S. GAAP and are reflected in the accompanying consolidated financial statements at their fair values at the time of donation. Fair value is determined based on observable market prices for similar assets or the fee that would normally be paid had the services not been donated.

In-kind contributions included the following for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Services	\$ 40,778	\$ 76,948
Goods	12,838	157,757
Vehicles	557,704	509,565
Advertising	<u>17,086</u>	<u>17,086</u>
<b>Total In-Kind Contributions</b>	<b><u>\$ 628,406</u></b>	<b><u>\$ 761,356</u></b>

In-kind contributions of services, goods, and advertising were used in operations during the year. In-kind donations of vehicles were sold to support operations.

**Advertising Costs** - The Organization expenses advertising costs as they are incurred. Advertising costs totaled approximately \$1,188,000 and \$630,000 for the years ended June 30, 2024 and 2023, respectively.

## CASCADE PUBLIC MEDIA AND SUBSIDIARIES

### Notes to Consolidated Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

---

#### Note 1 - Continued

**Functional Allocation of Expenses** - The costs of providing the various program services and other activities have been summarized on a functional basis in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services on the basis of benefits received.

Allocation methods utilized include a square footage basis to allocate occupancy and other shared costs. A full-time equivalency (FTE) basis is used to allocate salary and fringe benefits for employees who benefit multiple functional areas of the Organization.

**Income Taxes** - Cascade Public Media has received a determination letter from the Internal Revenue Service approving its tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. Piranha was a wholly owned subsidiary of Cascade Public Media and was a for-profit taxable company that filed its own federal income tax returns.

Piranha accounted for federal income taxes using the liability method, whereby deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities measured using enacted tax rates and laws that will be in effect when the differences are expected to reverse. Piranha had deferred tax assets aggregating approximately \$138,000 at June 30, 2023, which was fully offset by a valuation allowance. Piranha was dissolved December 31, 2023.

**Concentrations of Credit Risk** - Financial instruments which potentially subject the Organization to concentrations of credit risk consist of accounts receivable, investments and cash. At various times during the fiscal year, the Organization's bank and investment balances were in excess of the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC) insurance amounts.

There were no revenue concentrations during the year ended June 30, 2024 and 2023.

**Use of Estimates** - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

**Employees** - As of June 30, 2024, 14% of the Organization's employees are represented by the IBEW union under a collective bargaining agreement, which is effective through June 30, 2028. Additionally, as of June 30, 2024, 16% of the Organization's employees are represented by the Pacific Northwest Newspaper Guild union under a collective bargaining agreement effective through September 30, 2024. As of the audit report date, no subsequent agreement has been reached to establish a new collective bargaining agreement with the Pacific Northwest Newspaper Guild.

**Prior Year Comparative Information** - The consolidated financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a complete presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2023, from which the summarized information was derived.

**Subsequent Events** - The Organization has evaluated subsequent events through November 13, 2024, the date on which the consolidated financial statements were available to be issued.

## CASCADE PUBLIC MEDIA AND SUBSIDIARIES

### Notes to Consolidated Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

#### Note 2 - Accounts, Grants and Contributions Receivable

Accounts, grants and contributions receivable are as follows at June 30:

	2024			2023 Total
	Capital	Operating	Total	
Due to be collected-				
In less than one year	\$ 627,426	\$ 2,438,395	\$ 3,065,821	\$ 2,272,229
One to five years	165,000		165,000	471,166
Total receivables	792,426	2,438,395	3,230,821	2,743,395
Less allowance for doubtful accounts	(158,485)	(59,337)	(217,822)	(201,345)
Less present value discount (2.32%)				(15,756)
<b>Accounts, Contributions and Grants Receivable, Net</b>	<b>\$ 633,941</b>	<b>\$ 2,379,058</b>	<b>\$ 3,012,999</b>	<b>\$ 2,526,294</b>

**Capital Campaign** - During the year ended June 30, 2022, the Organization publicly released the details for the capital campaign to cover a portion of the costs of purchasing the building, improvements, as well as ongoing costs associated with operating and maintaining the facility. In cases where donations exceed what is needed for such purposes, the Organization will use funds in the most effective way possible to advance their mission.

Capital campaign pledges are to be used for the purposes of the Capital Campaign and, as such, are classified as noncurrent on the consolidated statement of financial position as of June 30, 2024 and 2023.

#### Note 3 - Investments

Investments consisted of the following at June 30:

	2024	2023
Cash and cash equivalents	\$ 621,304	\$ 811,279
Exchange traded funds	10,189,920	14,505,111
U.S. Treasuries	4,521,241	4,623,809
Domestic equities	20,404,810	8,902,622
U.S. Federal agencies securities	1,318,602	1,370,908
Corporate bonds	2,704,745	1,945,334
Guaranteed investment accounts	4,557	4,084
Mutual funds	18,036,940	23,854,581
Total investments	57,802,119	56,017,728
Less investments held for short-term purposes	6,755,425	6,398,389
<b>Investments Held for Long-Term Purposes</b>	<b>\$ 51,046,694</b>	<b>\$ 49,619,339</b>

## CASCADE PUBLIC MEDIA AND SUBSIDIARIES

### Notes to Consolidated Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

---

#### Note 3 - Continued

Investment return consisted of the following for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Unrealized gain	\$ 3,771,307	\$ 2,685,541
Interest and dividends	1,424,811	1,218,011
Realized gain	719,968	221,358
Investment fees and expenses	<u>(203,859)</u>	<u>(174,435)</u>
<b>Total Investment Return, Net</b>	<b><u>\$ 5,712,227</u></b>	<b><u>\$ 3,950,475</u></b>

#### Note 4 - Fair Value Measurements

U.S. GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy are described as follows:

Level 1 - Unadjusted quoted prices available in active markets for identical assets or liabilities;

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and

Level 3 - Unobservable inputs that are significant to the fair value measurement.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2024 and 2023.

Cash and Cash Equivalents - Cash includes money market funds valued at cost plus accrued interest, which approximates fair value.

U.S. Federal Agencies Securities and Corporate Bonds - Valued using matrix pricing or market corroborated pricing inputs such as yield curves or indices.

Mutual Funds, Exchange Traded Funds, Domestic Equities, U.S. Treasuries - Valued at quoted market prices in active markets, which represent the net asset value of shares held by the Organization at year end.

Guaranteed Investment Accounts - Valued using bid evaluations from similar instruments in actively quoted markets.



## CASCADE PUBLIC MEDIA AND SUBSIDIARIES

### Notes to Consolidated Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

#### Note 4 - Continued

The valuation methodologies used by the Organization may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization's management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Assets recorded at fair value on a recurring basis were as follows at June 30:

	Fair Value Measurements as of June 30, 2024			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 621,304	\$ -	\$ -	\$ 621,304
Exchange traded funds	10,189,920			10,189,920
U.S. Treasuries	4,521,241			4,521,241
Domestic equities	20,404,810			20,404,810
U.S. Federal agencies securities		1,318,602		1,318,602
Corporate bonds		2,704,745		2,704,745
Guaranteed investment accounts		4,557		4,557
Mutual funds	18,036,940			18,036,940
<b>Total Investments</b>	<b>\$ 53,774,215</b>	<b>\$ 4,027,904</b>	<b>\$ -</b>	<b>\$ 57,802,119</b>

	Fair Value Measurements as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 811,279	\$ -	\$ -	\$ 811,279
Exchange traded funds	14,505,111			14,505,111
U.S. Treasuries	4,623,809			4,623,809
Domestic equities	8,902,622			8,902,622
U.S. Federal agencies securities		1,370,908		1,370,908
Corporate bonds		1,945,334		1,945,334
Guaranteed investment accounts		4,084		4,084
Mutual funds	23,854,581			23,854,581
<b>Total Investments</b>	<b>\$ 52,697,402</b>	<b>\$ 3,320,326</b>	<b>\$ -</b>	<b>\$ 56,017,728</b>

## CASCADE PUBLIC MEDIA AND SUBSIDIARIES

### Notes to Consolidated Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

#### Note 5 - Liquidity and Availability of Financial Assets

**Liquidity** - The Organization has a goal of structuring its financial assets to be available as its operating and capital expenditures, liabilities and other obligations come due. In addition, the Organization has a policy to target operating reserves to cover between three to six months of average cash operating expenses to meet any unforeseen operating cash shortfalls. Operating reserves of at least three months of operating expenses are maintained in cash and liquid investments. Operating reserves greater than three months of operating expenses may be invested at the direction of the Board of Directors. At June 30, 2024, the Organization maintained six months of operating expenses in cash and liquid investments and other fixed-income investments as directed by the Board of Directors. The total operating reserve is included in the cash and cash equivalents and the investments held for short-term purposes lines on the consolidated statement of financial position. In the event of an unanticipated liquidity need, the Organization could also draw upon an available line of credit of \$2,000,000 (Note 9).

The Organization has a quasi-endowment of approximately \$23.4 million. The Organization does not intend to spend from its quasi-endowment except for strategic expenditures approved by the Board of Directors. However, funds in the quasi-endowment could be made available to meet cash requirements if necessary. The quasi-endowment is included in the investments held for long-term purposes line on the consolidated statement of financial position. In addition, the Organization holds a board-designated fund for the Capital Campaign.

**Availability of Financial Assets** - Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the consolidated statement of financial position, consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 10,035,580	\$ 13,152,368
Accounts, grants and contributions receivable, net	3,012,999	2,526,294
Investments	<u>57,802,119</u>	<u>56,017,728</u>
Total financial assets excluding restricted cash and beneficial interest in assets held by others	70,850,698	71,696,390
Board-designated quasi-endowment fund	(23,369,500)	(20,578,895)
add back annual appropriation for operations	403,288	518,100
Board-designated capital campaign fund		(9,265,893)
Donor-restricted endowment fund investments	(24,670,962)	(22,547,888)
add back annual appropriation for operations	764,284	510,132
Donor-restricted for specific programs or time	<u>(2,430,754)</u>	<u>(10,053,151)</u>
<b>Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year</b>	<b><u>\$ 21,547,054</u></b>	<b><u>\$ 10,278,795</u></b>

Cash and cash equivalents consist of checking and savings accounts, money market accounts, and highly liquid investments purchased with an original maturity of three months or less. Investments consist of marketable securities that are convertible to cash in the normal market trading cycle.

## CASCADE PUBLIC MEDIA AND SUBSIDIARIES

### Notes to Consolidated Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

---

#### Note 6 - Land, Property and Equipment

Land, property and equipment are summarized as follows as of June 30:

	<u>2024</u>	<u>2023</u>
Land	\$ 9,413,063	\$ 9,413,063
Building and improvements	32,086,690	9,224,761
Transmitter, antenna, microwave/TVRO	3,548,407	3,548,407
Studio and other broadcast and production equipment	8,328,865	20,365,255
Furniture and fixtures	<u>3,113,446</u>	<u>671,355</u>
	56,490,471	43,222,841
Less accumulated depreciation	<u>(9,703,087)</u>	<u>(31,151,566)</u>
	46,787,384	12,071,275
Construction-in-progress	<u>293,203</u>	<u>20,116,123</u>
<b>Total Land, Property and Equipment, Net</b>	<b><u><u>\$ 47,080,587</u></u></b>	<b><u><u>\$ 32,187,398</u></u></b>

#### Note 7 - Deferred Revenue

Deferred revenue consisted of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Deferred underwriting income	\$ 44,272	\$ 65,250
Deferred membership income	561,184	575,547
Deferred rental income	281,489	321,543
Deferred local streaming initiative income	550,200	
Deferred excess transmission capacity income	<u>1,575,567</u>	<u>1,644,680</u>
<b>Total Deferred Revenue</b>	<b><u><u>\$ 3,012,712</u></u></b>	<b><u><u>\$ 2,607,020</u></u></b>

There are no related contract assets for payments to which the Organization is entitled under the terms of active contracts.

#### Note 8 - Split-Interest Agreements

**Gift Annuities** - The Organization administers gift annuities for which it is obligated to make periodic distributions to designated beneficiaries. The Organization uses the actuarial method of recording these funds using discount rates ranging from 1.75% to 6.00%. Under this method, when a donation is received, the present value of the guaranteed distributions, based on life expectancy tables, is recorded as a liability, and the remaining interest is recorded as revenue. Periodic adjustments are made between the liability, revenues and expenses to record actuarial gains and losses. Net related gains on gift annuities totaled \$80,510 and \$42,991 for the years ended June 30, 2024 and 2023, respectively, and are included in other revenue on the consolidated statement of activities and changes in net assets.

## CASCADE PUBLIC MEDIA AND SUBSIDIARIES

### Notes to Consolidated Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

---

#### Note 8 - Continued

**Beneficial Interest in Charitable Lead Annuity Trust** - The Organization is a beneficiary of a charitable lead annuity trust administered by a financial institution. The Organization's endowment receives annual distributions from the trust of approximately \$65,000. A final payment of approximately \$43,300 is due on December 31, 2032. The Organization's beneficial interest in this charitable lead annuity trust is recorded at the net present value (discounted at 4.0%) of the future distributions on the consolidated statement of financial position and is included as a component of net assets with donor restrictions.

**Beneficial Interest in Charitable Remainder Annuity Trust** - The Organization was named as a beneficiary in a charitable remainder trust that was administered by a financial institution. The trust called for annuity payments to the named beneficiaries for a period of five years. During the year ended June 30, 2023, the charitable remainder trust reached the end of the annuity term, the Organization received 6% of the remaining market value of the trust which totaled \$1,567,482.

**Beneficial Interest in Charitable Remainder Unitrust** - During the year ended June 30, 2023, the Organization was named as a beneficiary in a charitable remainder unitrust that is administered by a college. The unitrust calls for annuity payments to the named beneficiary until the beneficiary's death. After the unitrust period, the trustee shall distribute the remainder of the unitrust, and the Organization shall receive 45% of the remaining market value of the trust. The Organization's beneficial interest in this charitable remainder unitrust is recorded at the net present value (discounted at 4.8%) of the future distributions estimated on the consolidated statement of financial position and is included as a component of net assets without donor restrictions.

#### Note 9 - Line of Credit

The Organization has a line of credit agreement with Morgan Stanley (MS) to using investments held with MS as collateral. The line of credit has a maximum borrowing of \$2,000,000. Interest is to be charged at a variable rate of LIBOR plus 2.75%. Payments on any outstanding draws on the line are made upon demand of MS. There was no outstanding balance at June 30, 2024 or 2023.

#### Note 10 - Note Payable

In January 2022, Washington Economic Development Authority (WEDFA), Wells Fargo Bank, National Association (Wells Fargo), and the Organization entered into a financing agreement whereby WEDFA issued Revenue Bonds (Cascade Public Media Project), Series 2022 in the amount of \$17,250,000 for the acquisition, construction, and bond issuance costs associated with a new building. The bonds have an initial mandatory repurchase date in February 2037 and a final maturity in February 2054. The bonds were purchased by Wells Fargo. Monthly interest-only payments are required with a fixed rate of 2.32% from the date of each advance through the date that is 24-months after the final advance. The final advance occurred June 30, 2022. Monthly principal and interest payments are required beginning in July 2024 through February 2054.

The Continuing Covenant Agreement between Wells Fargo and the Organization includes certain restrictive covenants. If an event of default should occur (including a breach of these covenants and restrictions), the remedies available to the bank include acceleration of amounts due and payable, increasing the interest rate payable under the bonds and pursuing its rights under the security agreements and other associated documents. The Organization is in compliance with all restrictive covenants at June 30, 2024.

## CASCADE PUBLIC MEDIA AND SUBSIDIARIES

### Notes to Consolidated Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

---

#### Note 10 - Continued

Principal payment obligations are due as follows during the next five fiscal years and thereafter:

For the Year Ending June 30,

2025	\$ 403,658
2026	416,848
2027	426,761
2028	436,568
2029	446,609
Thereafter	<u>15,119,556</u>
Total principal payments	17,250,000
Less unamortized debt issuance costs	<u>(212,966)</u>
<b>Total Note Payable, Net</b>	<b><u>\$ 17,037,034</u></b>

#### Note 11 - Leases Agreements

The Organization has entered into a number of lease and sublease agreements as lessor for real property and facilities.

**Transmission Site and Tower Lease** - The Organization leases space on its transmission tower through operating leases. The lease terms are typically five years with automatic renewals unless otherwise terminated with six months of notice and currently are in terms that conclude in 2026. Monthly payments range from \$1,436 to \$3,269 with \$1,200 in in-kind payments, escalating 3% yearly. Lease payments are recognized over a straight-line basis.

**Building and Tower Lease** - In 2019, the Organization entered into a lease agreement with the City of Seattle (the City), leasing building and tower space for the Seattle radio communications system and wireless network. The lease runs through October 31, 2034, with three five-year extensions, at a rate of \$12,050 per month. Monthly rent will increase by 3% on January 1 of each year thereafter of the agreement.

**Office Space** - The Organization had two subleases of office space at its 401 Mercer Street building. For the year ended June 30, 2023, through December 31, 2023 office rent charged ranged from \$200 to \$3,125 per month. Both leases ended December 31, 2023.

**Cancelable Tower Leases** - Under the terms of the following tower leases with King County (the County), a municipal corporation and political subdivision of the State of Washington, the County has the ability to cancel the leases with 12-months' notice if funding is not available to the County for the following year.

The Organization rents space on its transmission tower to the County for communication equipment. The leases have five-year terms with three automatic renewals for five years each, terminating in 2027 through 2043. The monthly rates on these leases range from \$885 to \$16,600, with a reduction of \$2,000 per month for the first sixteen years of the lease, per month with annual rate adjustments of 1.5% or 4%, or the increase in the consumer price index.

## CASCADE PUBLIC MEDIA AND SUBSIDIARIES

### Notes to Consolidated Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

#### Note 11 - Continued

Estimated future operating lease agreement payments to be received under noncancelable and cancelable agreements are as follows:

For the Year Ending June 30,	Noncancelable Operating Leases	Cancelable Operating Leases	Total
2025	\$ 239,096	\$ 272,864	\$ 511,960
2026	220,801	279,300	500,101
2027	220,801	285,911	506,712
2028	220,801	275,667	496,468
2029	220,801	281,967	502,768
Thereafter	3,243,907	8,392,674	11,636,581
<b>Lease Revenue</b>	<b>\$ 4,366,207</b>	<b>\$ 9,788,383</b>	<b>\$ 14,154,590</b>

#### Note 12 - Benefit Plans

The Organization has a defined contribution 401(k) plan covering substantially all permanent employees of Cascade Public Media and Piranha Partners Inc. Under the 401(k) plan, the Organization makes matching contributions in an amount equal to 25% of deferrals up to the first 6% of employees' eligible compensation contributed to the Plan. Participants are 100% vested in elective contributions and matching contributions. In addition, the Organization may make discretionary nonelective contributions. Discretionary nonelective contributions for the years ended June 30, 2024 and 2023, are 5% of the participant's gross calendar year wages, plus 5% of the participant's gross calendar year wages in excess of the year's Social Security wage base. Participants become fully vested in the nonelective contributions to the plan after six years of service with the Organization. The Organization made employer contributions to the 401(k) plan totaling approximately \$694,000 and \$437,000 for the years ended June 30, 2024 and 2023, respectively.

#### Note 13 - Net Assets Without Donor Restrictions

Net assets without donor restrictions consisted of the following at June 30:

	2024	2023
Undesignated	\$ 44,656,414	\$ 19,846,683
Board-Designated Quasi Endowment Fund	23,369,500	20,578,896
Board-Designated Capital Campaign Fund		9,265,893
Other board-designated funds	154,355	144,698
Piranha Partners Inc		(2,270,393)
<b>Total Net Assets Without Donor Restrictions</b>	<b>\$ 68,180,269</b>	<b>\$ 47,565,777</b>

## CASCADE PUBLIC MEDIA AND SUBSIDIARIES

### Notes to Consolidated Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

#### Note 13 - Continued

**Board-Designated Quasi Endowment Fund** - The Board-Designated Quasi Endowment Fund was established during the year ended June 30, 2010. The fund consists of bequests without donor restrictions, other funds designated by the Board, and their respective earnings designated for the benefit of the Organization.

**Board-Designated Capital Campaign Fund** - The Board-Designated Capital Campaign Fund was established during the year ended June 30, 2020. The fund consists of bequests without donor restrictions and other funds designated by the Board, and their respective earnings designated by the Board for the Capital Campaign.

**Piranha Productions** - The Piranha Partners Inc amount relates to accumulated net losses from operations of Piranha.

#### Note 14 - Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Subject to the passage of time or expenditure for specified purpose-		
Program services	\$ 2,430,754	\$ 2,596,899
Capital campaign		7,456,252
Accumulated endowment earnings	<u>6,502,014</u>	<u>4,464,035</u>
Total subject to the passage of time or expenditure for specified purpose	8,932,768	14,517,186
Beneficial interest in trusts	486,797	533,074
Perpetual endowment funds-		
General	768,993	703,993
Harold Brindle	194,438	194,438
Russell Meyers Rowe	50,000	50,000
Dorothy Stevens	33,014	33,014
NW Endowment	610,000	610,000
Robertson	325,893	325,893
Bonnie Chow	2,000,000	2,000,000
Floyd Jones	<u>14,186,610</u>	<u>14,166,515</u>
Total perpetual endowment funds	<u>18,168,948</u>	<u>18,083,853</u>
<b>Total Net Assets With Donor Restrictions</b>	<b><u><u>\$ 27,588,513</u></u></b>	<b><u><u>\$ 33,134,113</u></u></b>

## CASCADE PUBLIC MEDIA AND SUBSIDIARIES

### Notes to Consolidated Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

---

#### Note 14 - Continued

**Program Services** - These funds represent amounts received by the Organization with specific programming restrictions.

**Capital Campaign** - These funds are restricted by donors to be used for the Capital Campaign.

**Accumulated Endowment Earnings** - The accumulated endowment earnings represent accumulated unspent earnings on perpetual endowments net assets.

#### Note 15 - Endowments

The Organization's endowments consist of funds established through gifts, legacies, and bequests that were accepted with donor restrictions to have funds permanently invested, and funds designated by the Board to operate as an endowment for the benefit of the Organization (quasi-endowment). Earnings from endowment net assets are to be used for funding educational programming and general operations of the Organization. Earnings on the quasi-endowment are to be used to support the Organization. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law** - The Board has interpreted the Washington State Prudent Management of Institutional Funds Act (PMIFA) as making it advisable for the Organization to track fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as endowment net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment is also classified within net assets with donor restrictions, subject to the passage of time or expenditure for specified purpose, until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by PMIFA. In accordance with PMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the Organization and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Organization; and
- The investment policies of the Organization.



## CASCADE PUBLIC MEDIA AND SUBSIDIARIES

### Notes to Consolidated Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

#### Note 15 - Continued

Endowment net assets consisted of the following at June 30:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions Accumulated Earnings	Endowment Corpus	Total
Quasi-endowment	\$ 23,369,500	\$ -	\$ -	\$ 23,369,500
Donor restricted endowment		6,502,014	18,168,948	24,670,962
<b>Endowment Net Assets, June 30, 2024</b>	<b><u>\$ 23,369,500</u></b>	<b><u>\$ 6,502,014</u></b>	<b><u>\$ 18,168,948</u></b>	<b><u>\$ 48,040,462</u></b>
<b>Endowment Net Assets, June 30, 2023</b>	<b><u>\$ 20,578,895</u></b>	<b><u>\$ 4,464,035</u></b>	<b><u>\$ 18,083,853</u></b>	<b><u>\$ 43,126,783</u></b>

Changes to endowment net assets were as follows for the years ended June 30:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions Accumulated Earnings	Endowment Corpus	2024 Total	2023 Total
Endowment net assets, beginning of year	\$ 20,578,895	\$ 4,464,035	\$ 18,083,853	\$ 43,126,783	\$ 35,558,698
Investment return	2,457,733	2,548,111		5,005,844	3,465,858
Donor endowment contributions and collections on beneficial interest in trust			85,095	85,095	2,065,000
Funds designated for quasi-endowment	800,000			800,000	2,500,000
Quasi-endowment transfer	(467,128)			(467,128)	(3,737)
Appropriation of endowment for expenditure		(510,132)		(510,132)	(459,036)
<b>Endowment Net Assets, End of Year</b>	<b><u>\$ 23,369,500</u></b>	<b><u>\$ 6,502,014</u></b>	<b><u>\$ 18,168,948</u></b>	<b><u>\$ 48,040,462</u></b>	<b><u>\$ 43,126,783</u></b>

**Funds With Deficiencies** - From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or PMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with restrictions. At June 30, 2024 and 2023, there were no deficiencies.

**Return Objectives and Risk Parameters** - The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

## CASCADE PUBLIC MEDIA AND SUBSIDIARIES

### Notes to Consolidated Financial Statements For the Year Ended June 30, 2024 (With Comparative Totals for 2023)

---

#### Note 15 - Continued

Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for donor-specified periods as well as board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested in approximately 60% stocks and 40% fixed income investments, including cash.

**Strategies Employed for Achieving Objectives** - To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization 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.

**Spending Policy and How the Investment Objectives Relate to Spending Policy** - The spending policy, expressed as a percentage of market value of the endowment, is determined on a year to year basis by the Board upon recommendation of the Finance and Audit Committee. In recommending a spending policy for a given fiscal year, the Finance and Audit Committee shall take into consideration total return which allows both realized and unrealized income to be withdrawn.

The Finance and Audit Committee will review the spending policy periodically in light of actual returns to make spending adjustments necessary to preserve the purchasing power of the endowment. Distributions will be made on an annual basis as a percentage of the average market value of the portfolio over the immediately preceding twelve quarters. The percentage used will be determined by the Finance and Audit Committee based on a "prudent person" standard, which will be approved by the Board. There will be no distribution made from endowments in place less than one year and in no event will an endowment be reduced below 80% of the corpus.

#### Note 16 - Joint Venture

In 1998, KCTS became a noncontrolling member in a limited liability company, Public Television Major Market Group, LLC (the LLC). The limited liability company was formed to take a leadership position within and outside public television in developing positions and taking actions to affect the outcome of major public television issues. The LLC was also formed to provide a forum for evaluating proposals for collaborative and other ventures with third parties for revenue generating and other opportunities for the use of digital technology. There were no contributions to or distributions from the LLC for the years ended June 30, 2024 and 2023. Investment in the LLC is combined with other long-term assets on the consolidated statement of financial position and is reported at cost basis, adjusted for impairment or other equity transactions that occur during each year.

#### Note 17 - Commitments and Contingencies

The Organization is involved, from time to time, in various claims, regulatory audits and other legal issues arising in the normal course of business. Management believes that any uninsured costs that may be incurred in the settlement of such claims would not be material to the Organization's consolidated financial position.

During the year ended June 30, 2023, the Organization was awarded a grant from the Washington State Department of Commerce for the Organization's capital campaign that requires the Organization to own the related building for ten years and creates a lien on the owned property.

During the year ended June 30, 2023, the Organization entered into contracts for the renovation of its new building. Outstanding commitments on these contracts at June 30, 2024 were approximately \$2.3 million.