ARIZONA PBS
(A DEPARTMENT OF ARIZONA STATE UNIVERSITY)

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2023 AND 2022

ARIZONA PBS
(A DEPARTMENT OF ARIZONA STATE UNIVERSITY)
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INDEPENDENT AUDITORS' REPORT

Ms. Anjali Halabe
Vice President for Finance and Deputy Treasurer
Arizona PBS (A Department of Arizona State University)
Phoenix, Arizona

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Arizona PBS (A Department of Arizona State University) as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements which comprise the entity's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Arizona PBS as of June 30, 2023 and 2022, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Arizona PBS 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.

Emphasis of Matter

As discussed in Note 1, the financial statements of Arizona PBS are intended to present the financial position, and changes in financial position of only that portion of Arizona State University, that is attributable to Arizona PBS. They do not purport to, and do not, present fairly the financial position of Arizona State University, as of June 30, 2023 and 2022, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Arizona PBS' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' 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 Arizona PBS' 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 Arizona PBS' 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.

Required Supplementary Information

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Arizona PBS. The accompanying schedule of functional expense is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of functional expenses is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
February 15, 2024

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of Arizona PBS (the Entity), a Department of Arizona State University (the University), and is designed to assist in the understanding of the accompanying financial statements for the years ended June 30, 2023 and 2022.

This discussion has been prepared by management and should be read in conjunction with the financial statements and the accompanying notes, which follow this section.

INTRODUCTION

The Entity, based at the Walter Cronkite School of Journalism and Mass Communication, is a donor-supported community of Arizona State University, lies in the heart of Downtown Phoenix. As the largest media organization operated by a journalism school in the world, Arizona PBS serves as a journalistic "teaching hospital." This revolutionary model taps into the talents of advanced students, working under the guidance of top professionals from the University faculty and Entity staff to provide new, rich content.

Arizona PBS serves the community through KAET-TV, Educational Outreach, and KBAQ-FM. The Entity operates KAET-TV, a member of the Public Broadcasting Service, which provides audiences with innovative news, science, arts and children's programming, through four (4) broadcast channels and growing array of digital platforms. In addition, the Entity has grown a vast Educational Outreach program that supports educators and students in the classroom with educational content, focusing on various academic standards throughout the State. Additionally, the Entity supports the community through KBAQ, an FM radio station co- licensed to Arizona State University and Maricopa County Community College District, which broadcasts 24 hours of classical music and arts information. The Central Sound division of KBAQ captures classical and acoustic professional music performances of the highest caliber.

OVERVIEW OF THE FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS

These financial statements were prepared in accordance with reporting guidelines of the Corporation for Public Broadcasting (CPB) and Governmental Accounting Standards Board (GASB) principles as they apply to public colleges and universities. The financial statements consist of the statement of net position, statement of revenues, expenses, and changes in net position and statement of cash flows. Although the primary focus of this document is on the results of activity for years ended June 30, 2023 (FY2023) and June 30, 2022 (FY2022) comparative data is presented for the previous year ended June 30, 2021 (FY2021).

Statement of Net Position

The condensed statement of net position highlights the main categories of the statement of net position of Arizona PBS at June 30, 2023, 2022 and 2021. It shows the various assets owned or controlled, deferred outflows and inflows of resources, related liabilities and other obligations, and the various categories of net position.

Statement of Net Position (Continued)

Assets and liabilities are distinguished as to their current and noncurrent natures. Current liabilities are typically those obligations intended for liquidation or payment within the next fiscal year, while current assets are those resources that are available for use in meeting the ongoing operating needs of the Entity, including current liabilities. Net position is divided into three categories: net investment in capital assets, restricted and unrestricted. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Entity is improving or deteriorating.

A condensed comparison of Arizona PBS' assets, liabilities, deferred outflows and inflows of resources, and net position at June 30, 2023, 2022 and 2021 follows:

	2023	2022	2021
Assets:			
Current Assets	$ 8,360,324	$ 8,530,347	$ 6,065,379
Noncurrent Assets Other	5,081,489	3,188,368	3,181,365
Right to Use Assets, Net	274,401	314,213	-
Capital Assets, Net	811,403	1,013,263	1,227,497
Total Assets	14,527,617	13,046,191	10,474,241
Liabilities:			
Current Liabilities	2,229,660	2,792,789	1,310,438
Noncurrent Liabilities	750,188	575,153	341,640
Total Liabilities	2,979,848	3,367,942	1,652,078
Deferred Inflows of Resources	385,071	351,221	564,354
Net Position:			
Net Investment in Capital Assets	811,403	1,013,263	1,227,497
Restricted	4,230,289	2,581,721	2,275,371
Unrestricted	6,121,006	5,732,044	4,754,941
Total Net Position	$ 11,162,698	$ 9,327,028	$ 8,257,809

In FY2023, the Entity's net position increased $1.84 million (19.68%), operating revenues increased by $0.4 million (9.4%), and operating expenses increased in FY2023 by $2.47 million (13.89%). In FY2022, the Entity's net position increased $1.07 million (12.95%), operating revenues increased by $216,227 (5.57%) while operating expenses increased by $720,237 (4.23%).

In FY2023, the decrease in the Entity's current assets of $170,023 is due to an increase in cash and cash equivalents of $392,751 offset by a decrease in pledge receivables of $534,302. In FY2022, the increase in the Entity's current assets of $2.46 million is due to an increase in cash and cash equivalents of $1.87 million and an increase in receivables of $551 thousand.

In FY2023, noncurrent assets increased $1.65 million due to increased investments and split interest agreements. In FY2022, noncurrent assets stayed relatively the same.

Statement of Net Position (Continued)

In FY2023, capital assets decreased by $201,680 ($48,193 in new capital assets for FY2023 is offset by $250,053 in depreciation expense). In FY2022, capital assets decreased by $214,234 ($31,002 in new capital assets for FY2022 is offset by $245,236 in depreciation expense).

In FY2023, right to use assets decreased by $39,812 ($-0- in new right to use assets for FY2023 offset by $39,812 in amortization expense). In FY2022, right to use assets increased by $314,213 ($354,025 in new right to use assets for FY2023 offset by $34,298 in amortization expense) as a result of the implementation of GASB Statement No. 87, *Leases*.

FY2023 showed a decrease in the Entity's current liabilities of $563,129 due to a decrease in unearned revenue ($852,575 million) offset by an increase to accounts payable ($289,446). FY2022 showed an increase in the Entity's current liabilities of $1.48 million due to an increase in unearned revenue ($1.75 million).

Noncurrent liabilities increased in FY2023 by $173,862 due to lease liability payments of $35,688 offset by charitable gift annuity donors increased contributions of $210,703 from FY2022 to FY2023. Noncurrent liabilities decreased in FY2022 by $319,727 due to lease liabilities from the implementation of GASB Statement No. 87, *Leases* offset by charitable gift annuity donors decreased liabilities of $86,214 from FY2021 to FY2022.

Statement of Revenues, Expenses, and Changes in Net Position

The statements of revenues, expenses, and changes in net position reflect the results of operations and other changes for the years ended June 30, 2023, 2022, and 2021. It shows the various revenues and expenses, both operating and nonoperating, reconciling the beginning net position amount to the ending net position amount – which is shown on the statement of net position, described above.

Activities are reported as either operating or nonoperating. Operating revenues generally represent educational service grants and program underwriting funding. Operating expenses are incurred in the normal operations of the Entity. A provision for depreciation on property and equipment has been included in operating expenses. The difference between the two generally results in an operating loss. Most University licensee's, including KAET-TV, will normally have an operating loss since significant recurring revenues, such as University support, and donor gifts are required by the CPB and accounting principles generally accepted in the United States of America, to be shown as nonoperating revenues.

Statement of Revenues, Expenses, and Changes in Net Position (Continued)

The statement of revenues, expenses, and changes in net position presents the Entity's results of operations. A summarized comparison of the Entity's revenues, expenses, and changes in net position for the years ended June 30, 2023, 2022, and 2021 is as follows:

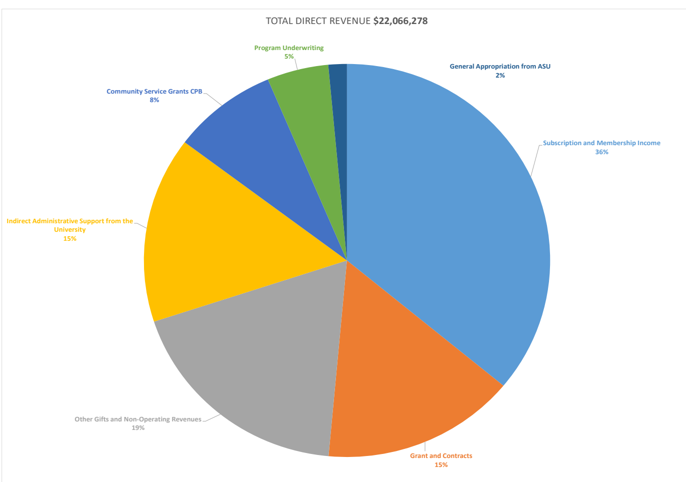
	2023	2022	2021
Operating Revenues:			
Grant and Contracts	$ 3,407,537	$ 3,037,523	$ 2,900,768
Program Underwriting	1,080,479	1,063,400	983,928
Total Operating Revenues	4,488,016	4,100,923	3,884,696
Operating Expenses:			
Program Services:			
Local Programming and Production	9,590,791	8,174,760	8,276,470
Broadcasting	1,561,337	1,516,828	1,242,985
Program Information and Promotion	1,346,204	1,171,876	1,037,411
Supporting Services:			
Management and General	4,667,985	4,227,783	3,595,654
Fundraising and Membership Development	3,064,291	2,672,763	2,891,253
Total Operating Expenses	20,230,608	17,764,010	17,043,773
Operating Loss	(15,742,592)	(13,663,087)	(13,159,077)
Nonoperating Revenue (Expenses):			
Subscription and Membership Income	7,944,351	8,953,415	8,518,789
Community Service Grants from the Corporation for Public Broadcasting	1,847,552	-	1,946,556
Indirect Administrative Support from the University	3,376,253	2,623,492	2,265,611
Indirect Support from Other Agencies	548,281	479,670	421,490
General Appropriation from ASU	323,811	333,752	332,994
Other Gifts and Nonoperating Revenues	3,538,014	2,341,774	1,586,411
Investment Income	-	203	530
Total Nonoperating Revenues	17,578,262	14,732,306	15,072,381
Changes in Net Position	1,835,670	1,069,219	1,913,304
Net Position - Beginning of Year	9,327,028	8,257,809	6,344,505
Net Position - End of Year	$ 11,162,698	$ 9,327,028	$ 8,257,809

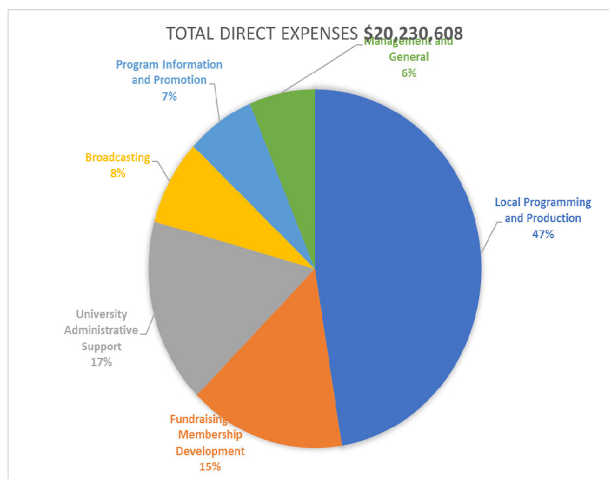
Statement of Revenues, Expenses, and Changes in Net Position (Continued)

The following graphs illustrate the operating and nonoperating revenues and expenses for the year ended June 30, 2023.

REVENUE		FY2 ACTUAL
Subscription and Membership Income	$	79,944,351
Grant and Contracts	$	3,407,537
Other Gifts and Nonoperating Revenues	$	4,086,295
Indirect Administrative Support from the University	$	3,376,253
Community Service Grants CPB	$	1,847,552
Program Underwriting	$	1,080,479
General Appropriation from ASU	$	323,811
Total Revenue	$	22,066,278

EXPENSES		FY23 ACTUAL
Local Programming and Production	$	9,590,793
Fundraising and Membership Development	$	3,064,291
University Administrative Support	$	3,376,253
Broadcasting	$	1,561,337
Program Information and Promotion	$	1,346,203
Management and General	$	1,291,731
Total Expenses	$	20,230,608



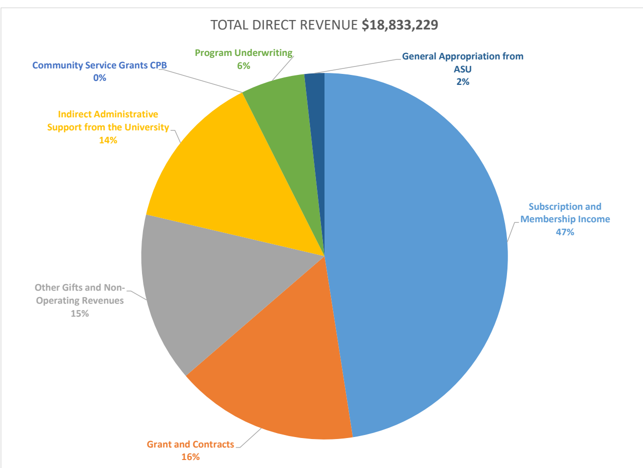


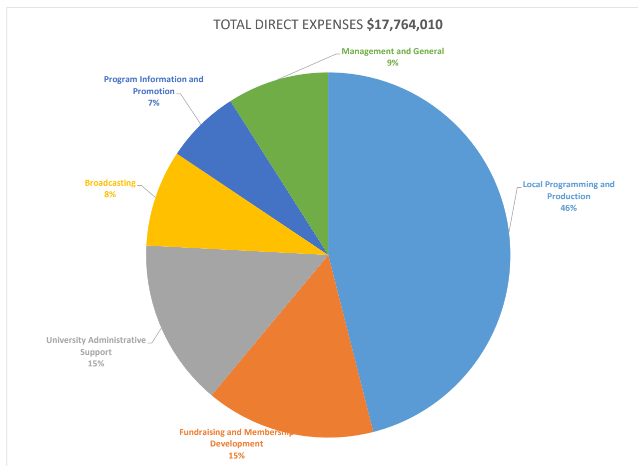
Statement of Revenues, Expenses, and Changes in Net Position (Continued)

The following graphs illustrate the operating and nonoperating revenues and expenses for the year ended June 30, 2022, continued.

REVENUE		FY22 ACTUAL
Subscription and Membership Income	$	8,953,415
Grant and Contracts	$	3,037,523
Other Gifts and Nonoperating Revenues	$	2,821,647
Indirect Administrative Support from the University	$	2,623,492
Community Service Grants CPB	$	-0-
Program Underwriting	$	1,063,400
General Appropriation from ASU	$	333,752
Total Revenue	$	18,833,229

EXPENSES		FY22 ACTUAL
Local Programming and Production	$	8,174,760
Fundraising and Membership Development	$	2,672,763
University Administrative Support	$	2,623,492
Broadcasting	$	1,516,828
Program Information and Promotion	$	1,171,876
Management and General	$	1,604,291
Total Expenses	$	17,764,010





Operating Revenues and Expenses

Arizona PBS' operating revenues increased by $0.38 million in FY2023. The increase can be associated with a increases in grants. Operating expenses increased by $2.47 million primarily due to an increase in management and general ($440,201) and additional increases in local programming and production ($1.42 million) and program information and promotion ($174,327) and increases in broadcasting ($44,509) and fundraising and membership development ($391,528).

Arizona PBS' operating revenues increased by $216,227 in FY2022. The increase can be associated with a $136,755 increase in grants and contracts and an increase of $79,472 in program underwriting. Operating expenses increased by $720,237 primarily due to a increase in management and general ($632,129). Additional increases in broadcasting ($273,843) and program information and promotion ($134,465) were offset by decreases in local programming and production ($101,710) and fundraising and membership development ($218,490).

Nonoperating Revenues and Expenses

Nonoperating revenues increased by $2.85 million from FY2022 to FY2023. The increase in community services grants, resulting from management's decision to recognize the grant in FY2023 ($1.85 million), as well as increases in all other nonoperating revenues ($2,007,468).

Nonoperating revenues decreased by $340,075 from FY2021 to FY2022. The decrease in community services grants, resulting from management's decision to recognize the grant in FY2023, is largely offset by increases in all other nonoperating revenues.

Statement of Cash Flows

The statement of cash flows represents the inflows (sources) and outflows (uses) of cash and cash equivalents for the years ended June 30, 2023, 2022 and 2021. It shows various cash activities by type, reconciling the beginning cash and cash equivalents amount to the ending cash and cash equivalents amount – which is shown on the statement of net position, described above. In addition, this statement reconciles cash flows from operating activities to operating income/(loss) on the statement of revenues, expenses, and changes in net position, described above.

A summarized comparison of Arizona PBS cash flows for the years ended June 30, 2023, 2022, and 2021 follows:

	2023	2022	2021
Cash Used by Operating Activities	$ (6,142,982)	$ (7,042,260)	$ (8,057,728)
Noncapital Financing Activities	8,268,162	9,287,167	10,798,339
Capital Financing Activities	(83,861)	(65,300)	(115,986)
Investing Activities	(1,648,568)	(306,147)	(1,086,808)
Net Increase in Cash and Cash Equivalents	392,751	1,873,460	1,537,817
Cash and Cash Equivalents - Beginning of Year	7,522,395	5,648,935	4,111,118
Cash and Cash Equivalents - End of Year	$ 7,915,146	$ 7,522,395	$ 5,648,935

Statement of Cash Flows (Continued)

In FY2023, the Entity's cash increased by $392,751, primarily due to an increase in grants and contracts of $2.2 million and offset by an increase to programmatic expenses of $1.6 million.

In FY2022, the Entity's cash increased by $1.87 million, primarily due to a decrease in cash used by other operating activities and an increase of $1.75 million in grants and contracts unearned for the current year.

Noncapital financing activities consist of general appropriations from Arizona State University, grants from the Corporation for Public Broadcasting and general gifts from viewers.

Capital and Debt Analysis

As of June 30, 2023, Arizona PBS had $811,403 in capital assets, net of accumulated depreciation. The decrease of $201,680 in FY2023, consisted primarily of depreciation of $250,053 against the new acquisitions of $48,193.

In FY2023, right to use assets decreased by $39,812 ($-0- in new right to use assets for FY2023 is offset by $39,812 in amortization expense) as a result of the implementation of GASB Statement No. 87, *Leases*.

As of June 30, 2022, Arizona PBS had $1.01 million in capital assets, net of accumulated depreciation. The decrease of $214.235 in FY2022 consisted primarily of depreciation of $245,236 against the new acquisitions of $31,002.

The federally mandated Telecommunications Act of 1996 required all public television stations be able to broadcast on digital television channels by May 2003. KAET started simulcasting our VHF analog signal in digital on UHF channel 29 in June 2001 and KAET's main VHF transmitter on South Mountain was converted to digital in 2008; almost a year before the federally mandated date that full power analog TV transmitters must be shut off. Additionally, all seven of KAET owned translators serving rural viewers throughout Arizona have been converted from analog to digital operation. Finally, the digital conversion of production facilities was completed in 2008 and the Entity creates all locally produced content on digital formats.

KAET broadcasts PBS and locally produced programs on Eight HD - Digital 8.1, travel and how-to programs on Eight Life – Digital 8.2, documentary and nonfiction programs on Eight World – Digital 8.3, PBS Kids educational programming on Digital 8.4 as well as an additional low bitrate service on Digital 8.5. 8.5's programming includes still images of Arizona and 2 different audio programs; KBAQ- FM Classical music on the main audio channel, and Sun Sounds reading service for the visually impaired on the secondary audio channel.

KAET uses secondary audio channels on all channels except 8.3, which does not have the ability to carry secondary audio, to serve visually impaired viewers by passing on Descriptive Video Service (DVS) for all programs that the program providers include DVS audio. Hearing impaired viewers are served by closed captioning all full-length programs on 8.1. Even though 8.2, 8.3 and 8.4 are not required to be closed captioned, KAET strives to closed caption the vast majority of programs on those channels too.

Capital and Debt Analysis (Continued)

As Arizona PBS strives to be a leader in technology, Arizona PBS participated in the Phoenix Model Market to simulcast Arizona PBS's PBS Kids (8.4) programming on the Advanced Television Systems Committee 3.0 standard (ATSC 3.0 or "NextGen TV"). This deployment aimed to test ATSC 3.0, which will enable support for newer IP based technologies to broadcast up to 4K resolution among other features. After the ATSC-3 testing concluded, the Phoenix TV market rolled out ATSC-3 and KAET's main HD programming (8.1) is being carried on-air in NextGen TV (ATSC-3).

Long-Term Debt

following schedule shows the long-term obligations of the Entity as of June 30, 2023 and 2022:

	Business-Type Activities	
Lease Liabilities:	2023	2022
Tower Lease	$ 247,219	$ 292,697
Copier Leases	36,840	27,030
Total Lease Liabilities	$ 284,059	$ 319,727

Economic Outlook

Arizona PBS management believes the Entity is continuing to better position itself to advance its mission to be the standard-bearer for transmedia storytelling in public media, reaching new audiences in the quest to serve lifelong learners across Arizona and beyond.

Serving Arizonans for the last 60 years, Arizona PBS is in the business of fostering an educated, informed, cultured, and civil society to advance our Democracy. Arizona PBS is the public media enterprise of Arizona State University, with over 1 million viewers each week, it consistently ranks among the most-viewed public television stations per capita in the country. The Entity continues to provide quality PBS programming while serving as a national hub for news innovation and reinvention.

Management is well aware of the challenging current economic environment and funding demands and continues to be strategic, nimble, flexible, and forward-looking, to provide quality public media and educational services to the Arizona community. As we continue to lead change through innovation, the Entity implemented a new organizational design that centers on a digital future. The new structure focuses on increased revenue, which will produce an expansion of new content, ultimately resulting in an increased audience and viewership. This strategic model will enable the organization to seize new opportunities, utilize multiple different media platforms, and minimize the challenges with an ever-changing audience.

Economic Outlook (Continued)

Gift revenue continues to be the major source of funding for the Entity, supplemented by grants from the Corporation for Public Broadcasting (CPB) and Arizona Department of Education's First Things First program. CPB grants are expected to remain stable over at least the next two years via advanced federal appropriations, and First Things First grants are expected to grow the next two years as the State of Arizona continues to invest in the program to promote early childhood education. However, because of the unpredictable political and economic climates, governmental funding has become increasingly volatile and although the elimination of funding is extremely improbable, the Entity realizes that a reduction over time is a possibility, so it is strategizing to mitigate any effects.

There is a focus on diverse fund-raising initiatives, increased Planned Giving, and monetizing the multiple digital platforms from program underwriting. Arizona PBS has placed an emphasis on member acquisition utilizing increased, targeted marketing to attract additional households. Arizona PBS also plans to maximize the utilization of the University resources available, which will enable the Entity to deploy more resources towards additional revenue generation.

As technology continues to evolve, Arizona PBS is making it a priority to proactively replace and obtain new equipment to create high quality, pioneering content to attract viewers.

Arizona PBS maintains healthy financials by continuing to increase its net position, and generating sufficient cash to address operational working capital requirements for the foreseeable future. Arizona PBS is putting money towards building working capital reserves and growing its endowment fund, with its operational surplus.

This financial narrative is designed to provide a general overview of the Entity's finances and to show accountability for the contributions received by the Entity. If there are any questions about this report or a need for additional financial information, contact the Entity at:

KAET/Eight, Arizona PBS
555 North Central Avenue, Suite 500
Phoenix, Arizona 85004-1252

ARIZONA PBS
(A DEPARTMENT OF ARIZONA STATE UNIVERSITY)
STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 7,915,146	$ 7,522,395
Grants Receivable, Net	40,729	38,870
Pledge Receivables	75,000	709,302
Other Receivables	329,449	259,780
Total Current Assets	8,360,324	8,530,347
INVESTMENTS	4,230,289	2,581,721
SPLIT-INTEREST AGREEMENTS	851,200	606,647
RIGHT TO USE ASSETS, Net	274,401	314,213
CAPITAL ASSETS, Net	811,403	1,013,263
Total Assets	$ 14,527,617	$ 13,046,191
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	$ 445,853	$ 156,407
Unearned Revenue	1,783,807	2,636,382
Total Current Liabilities	2,229,660	2,792,789
NONCURRENT LIABILITIES		
Lease Liability Due Within One Year	36,840	35,667
Lease Liability Due in More than One Year	247,219	284,060
Present Value of Annuity Payments	466,129	255,426
Total Noncurrent Liabilities	713,348	539,486
Total Liabilities	2,979,848	3,367,942
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources Related to Split-Interest Agreements	385,071	351,221
NET POSITION		
Net Investment in Capital Assets	811,403	1,013,263
Restricted	4,230,289	2,581,721
Unrestricted	6,121,006	5,732,044
Total Net Position	$ 11,162,698	$ 9,327,028

See accompanying Notes to Basic Financial Statements.

ARIZONA PBS
(A DEPARTMENT OF ARIZONA STATE UNIVERSITY)
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
OPERATING REVENUES		
Grants and Contracts	$ 3,407,537	$ 3,037,523
Program Underwriting	1,080,479	1,063,400
Total Operating Revenues	4,488,016	4,100,923
OPERATING EXPENSES		
Programmatic Expenditures	12,498,333	10,863,464
Management and General	4,667,984	4,227,783
Fundraising and Membership Development	3,064,291	2,672,763
Total Operating Expenses	20,230,608	17,764,010
OPERATING LOSS	(15,742,592)	(13,663,087)
NONOPERATING REVENUES (EXPENSES)		
Subscription and Membership Income	7,944,351	8,953,415
Community Service Grants from the Corporation for Public Broadcasting	1,847,552	-
Indirect Administrative Support from the University	3,376,253	2,623,492
Indirect Support from Other Agencies	548,281	479,670
General Appropriations from the University (KBAQ-FM)	323,811	333,752
Other Gifts and Nonoperating Revenues	3,538,014	2,341,774
Investment Income (Loss)	-	203
Total Nonoperating Revenues	17,578,262	14,732,306
CHANGES IN NET POSITION	1,835,670	1,069,219
Net Position - Beginning of Year	9,327,028	8,257,809
NET POSITION - END OF YEAR	$ 11,162,698	$ 9,327,028

See accompanying Notes to Basic Financial Statements.

ARIZONA PBS
(A DEPARTMENT OF ARIZONA STATE UNIVERSITY)
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Grants and Contract Receipts	$ 2,586,953	$ 4,572,384
Program Underwriting Receipts	1,010,810	1,024,625
Other Nonoperating Receipts	4,138,466	2,003,632
Payments to Employees and Others	(15,726,763)	(14,642,901)
Net Cash Used by Operating Activities	(7,990,534)	(7,042,260)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
Subscription and Membership Income	7,944,351	8,953,415
Corporation for Public Broadcasting Grants	1,847,552	-
General Appropriations from the University	323,811	333,752
Net Cash Provided by Noncapital and Related Financing Activities	10,115,714	9,287,167
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Payments on Lease Liabilities	(35,668)	(34,298)
Purchases of Capital Assets	(48,193)	(31,002)
Net Cash Used by Capital Financing Activities	(83,861)	(65,300)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(1,648,568)	(306,350)
Investment Income	-	203
Net Cash Used by Investing Activities	(1,648,568)	(306,147)
NET INCREASE IN CASH AND CASH EQUIVALENTS	392,751	1,873,460
Cash and Cash Equivalents - Beginning of Year	7,522,395	5,648,935
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 7,915,146	$ 7,522,395

See accompanying Notes to Basic Financial Statements.

ARIZONA PBS
(A DEPARTMENT OF ARIZONA STATE UNIVERSITY)
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022

RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH USED BY OPERATING ACTIVITIES:		
Loss from Operations	$ (15,742,592)	$ (13,663,087)
Adjustment to Reconcile Loss from Operations to Net Cash Used by Operating Activities:		
Depreciation and Amortization	289,865	285,048
Indirect Administrative Support from the University	3,376,253	2,623,492
Indirect Support from Other Agencies	548,281	479,670
Other Nonoperating Receipts (Expenses)	4,138,466	2,003,632
Changes in:		
Grants Receivable	(1,859)	(1,458)
Other Receivables	(69,669)	(50,441)
Other Assets	-	11,666
Accounts Payable	289,446	(267,101)
Unearned Revenue	(852,575)	1,749,452
Deferred Inflows of Resources	33,850	(213,133)
Net Cash Used by Operating Activities	$ (7,990,534)	$ (7,042,260)
SUPPLEMENTAL DISCLOSURES OF NONCASH ITEMS		
Indirect Administrative Support from the University	$ 3,376,253	$ 2,623,492
Indirect Support from Other Agencies	$ 548,281	$ 479,670
Leased Right of Use Assets	$ -	$ 354,025

See accompanying Notes to Basic Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Entity Operations

Arizona PBS (the Entity) is a department of and is operated by Arizona State University (the University). It includes KAET-TV, under a license granted by the Federal Communication Commission to the Arizona Board of Regents, and KBAQ-FM, a radio station co- licensed to Arizona State University and Maricopa County Community College District. The University provides facilities and other financial support to the Entity. The University also acts as a collection and disbursement agent on behalf of the Entity.

The financial statements of the Entity include the financial activities of Arizona School Services through Educational Technology (ASSET). ASSET functions as a sub-unit of the Entity. The Entity and the University serve as fiscal agents for ASSET. These financial statements present only a selected portion of the telecommunication activities of the University. As such they are not intended to and do not present either the financial position, results of operations, or changes in net position of the University as a whole.

A summary of the Entity's more significant accounting policies follows.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units and the Financial Reporting Guidelines published by the Corporation for Public Broadcasting (CPB) unless those pronouncements conflict with the Government Accounting Standards Board (GASB) pronouncements. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Contributions are recognized as revenue when made.

Cash and Cash Equivalents

The Entity considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The University holds excess cash collected over cash disbursed for the Entity on demand and, accordingly, is considered cash and cash equivalents for purposes of reporting cash flows. Cash and cash equivalents on deposit (deficit) with the University totaled $3,924,571 and $968,980 at June 30, 2023 and 2022, respectively.

The Arizona State University Foundation (the ASU Foundation) collects and holds cash for the Entity. These amounts are due on demand and, accordingly, are considered cash and cash equivalents for purposes of reporting cash flows. Cash and cash equivalents held by the ASU Foundation totaled $3,990,575 and $6,553,415 at June 30, 2023 and 2022, respectively.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statutory and Board of Regents' Policies

Arizona Revised Statutes (Statutes) require that deposits of the University not covered by the Federal Deposit Insurance Corporation, be secured through participation in the State of Arizona Collateral Pool administered by the State Treasurer's office which holds pledged collateral of at least 102% of uninsured deposits in eligible depositories. Further policy regarding deposits is provided by the Arizona Board of Regents (ABOR).

The Statutes do not specifically address investment policy of the universities, rather ABOR policy governs in this area. ABOR policy requires that each university arrange for the safekeeping of securities by a bank or other financial institutions approved by ABOR. The ABOR and University investment policies applicable to University investments are consistent with the scope of the Arizona State Treasurer's authorizing statutes and investment policy. ABOR policy addresses requirements for concentration of credit risk and interest rate risk, but neither ABOR policy nor the Statutes include any specific requirements on foreign currency risk for investments of the universities.

The State of Arizona Board of Investment provides oversight for the state of Arizona Treasurer's pools. The fair value of a participant's portion in the pool approximates the value of that participant's pool shares and the participant's shares are not identified with specific investments.

Investments

Investments for the Entity are held by the ASU Foundation as endowments in a pooled investment fund (Pool). The Entity's investments are maintained separately on the financial system of the ASU Foundation and receive a proportional share of the Pool activity. As such, the ASU Foundation owns the assets of the Pool; the Department has an interest in the Pool, which is considered an external investment pool to the University. The Pool invests in a variety of asset classes, including common stock, fixed-income, foreign investments, private equity and hedge funds. The fair value of the Department's position in the Pool is based on the Department's proportionate share of the Pool, which is marked-to-market monthly. Amounts held by the ASU Foundation recorded at fair value totaled $4,230,289 and $2,581,721 at June 30, 2023 and 2022, respectively, and are a restricted component of net position.

Pledges and Estate Receivables

Legally enforceable pledges and estates are recorded as receivables, net of an allowance for uncollectible pledges and estates based on past collection experience. Unless designated for use in future periods, unrestricted pledges and estates are recorded as revenue in the statements of revenues, expenses, and changes in net position when made.

Receivables

Receivables are stated at the amount management expects to collect. Management provides for probable uncollectible accounts through a charge to operations and an increase to a valuation allowance account based on its assessment of the current status of individual balances.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables (Continued)

Balances that are still outstanding after management has used reasonable collection efforts are written off through a decrease to the valuation allowance account and a reduction to the receivables. Management considers receivables at June 30, 2023 and 2022, to be fully collectible and, accordingly, an allowance for doubtful accounts is not deemed necessary.

Capital Assets

Purchased capital assets are initially recorded at cost and donated capital assets are recorded at acquisition value on the date of donation. Depreciation is calculated using the straight-line method over the assets' estimated useful lives. Capital assets of furniture, vehicles, and equipment are defined as assets with an initial, individual cost of more than $5,000 and estimated useful lives ranging from 5 to 15 years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Right to Use Assets

Associated with a radio tower and copier leases, the Entity records right to use assets and lease liabilities plus initial direct costs, and prepayments less any lease incentives. The right to use assets are amortized over the lesser of the useful life of the underlying asset, or the term of the lease.

Unearned Revenue

Operating funds restricted by the grantor or other outside party for particular operating purposes are deemed to be earned and reported as revenues when the Entity has incurred expenditures in compliance with the specific restrictions. Unearned revenue also includes amounts received for underwriting of which acknowledgment of the underwriter on air has not been completed. Such amounts received but not yet earned are reported as unearned revenue.

Deferred Outflows and Inflows of Resources

The Entity recognizes the consumption of net position that is applicable to a future reporting period as deferred outflows of resources. The Entity recognizes the acquisition of net position that is applicable to a future reporting period as deferred inflows of resources. Reported amounts are related to the requirements of accounting and financial reporting for irrevocable split-interest agreements.

Operating Revenues and Expenses

The Entity distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from exchange or exchange-like transactions in connection with the Entity's principal ongoing operations. Other revenues such as University appropriations and gifts, are not considered generated from operations and are reported as nonoperating revenues and expenses.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-Kind Contributions and Indirect Administrative Support

In-kind contributions and indirect administrative support from the University are recorded at estimated fair values based upon methodology developed by the Corporation for Public Broadcasting as revenue and expense in the accompanying statements of revenues, expenses, and changes in net position. Administrative support from the University consists of allocated institutional and physical plant expense incurred by the University in support of the Entity.

Revenue Recognition

Federal grants, contracts and appropriations, and nongovernmental grants and contracts are accounted for as nonexchange transactions and are recorded as operating revenue when the eligibility criteria are met. Advances in excess of costs incurred under grants and contracts are deferred and recognized as revenue when the related eligibility criteria is met. Revenue related to program underwriting is recognized as unrestricted operating exchange revenues in the period the performance obligations are met.

Subscription and Membership Income

Subscription and membership income is recognized as income at the net realizable amount upon receipt of the promise to give from the member or donor.

Expenses

When an expense is incurred that can be paid from either restricted or unrestricted resources, Arizona PBS follows the University’s policy which is to allow the department incurring the expense to determine the appropriate funding source. Factors used by departments to determine which resources to use include relative priorities of the department in accordance with the University’s strategic initiatives, externally imposed matching requirements of certain restricted funds, and any pertinent lapsing provisions of the available restricted or unrestricted funding resources. Major capital purchases are many times split funded from multiple restricted and unrestricted funding sources.

Program Rights

Program rights purchased by the Entity are expensed when purchased.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates and assumptions affect the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, the Entity evaluates its estimates and assumptions based upon historical experience and various other factors and circumstances. Management believes that its estimates and assumptions are reasonable in the circumstances; however, actual results may differ from these estimates under different future conditions.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The University has received approval for tax-exempt status from the Internal Revenue Service and is also exempt from state income taxes. As a department of the University, the Entity is not subject to corporate income taxes.

Economic Dependence

The Entity is dependent upon funding from the Corporation for Public Broadcasting, the University, underwriters, and contributors.

NOTE 2 DEPOSITS AND INVESTMENTS

At June 30, 2023 and 2022, the Entity’s deposits totaling $7,915,146 and $7,522,395, respectively, were held by both the University and ASU Foundation. At June 30, 2023 and 2022, the Entity’s investments totaling $4,230,289 and $2,581,721, respectively, were pooled with ASU Foundation investments. The ASU Foundation invests in U.S. Treasury, U.S. Agencies, commercial paper, corporate bonds, and equities. A summary of the University’s risk policies for deposits and investments follows:

Concentrations of Credit Risk

Other than United States Treasury securities and other federal agency securities, which can represent greater than 5% of total investments, University policy limits investment in a single issuer to 5% or less of the fair value of the total investment portfolio. Cash balances are deposited with the University and ASU Foundation. Some balances are pooled with other ASU Foundation funds and commonly invested. Financial instruments that potentially subject the Entity to concentrations of credit risk consist of cash deposits in bank and other financial institutions held by the University and ASU Foundation on behalf of the Entity. Deposits in excess of the Federal Deposit Insurance Corporation (FDIC) insurance coverage limit of $250,000 and the Securities Investors Protection Corporation (SIPC) of $100,000 are exposed to loss in the event of nonperformance by the financial institution.

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Concentrations of Credit Risk (Continued)

At June 30, 2023 and 2022, and at times during the years then ended, those cash deposits were in excess of FDIC and SIPC insurance coverage. The University's cash on deposit in excess of insurance coverage is secured through participation in the state of Arizona Collateral Pool.

Interest Rate Risk

ABOR and University policies do not limit the overall maturity of the investments held by the operating fund; however, the operating fund investment policy includes guidelines addressing diversification and liquidity.

Credit Risk

With regard to credit risk, ABOR policy requires that negotiable certificates of deposit, corporate bonds, debentures and notes, bankers acceptances and state of Arizona bonds carry a minimum BBB or better rating from Standard and Poor's Rating Service or Baa or better rating from Moody's Investors Service; and that commercial paper be rated by at least two nationally recognized statistical rating organizations (NRSROs) and be of the two highest rating categories for short-term obligations of at least two of the NRSROs.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of bank failure, the Entity's deposits may not be returned to it. University policy for its operating funds requires collateralization for all certificates of deposit and repurchase agreements. Beyond this requirement and those established by Statute or the Board, the University does not have a policy that specifically addresses custodial credit risk. As of June 30, 2023, $3,990,575 of the Entity's bank balances with the ASU Foundation was exposed to custodial credit risk because the amounts were not insured or collateralized. As of June 30, 2022, $6,553,415 of the Entity's bank balances with the ASU Foundation was exposed to custodial credit risk because the amounts were not insured or collateralized.

Custodial Credit Risk – Investments

For an investment, this is the risk that in the event of failure of the counterparty, the Entity will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. University policy for its operating funds requires collateralization for all certificates of deposit and repurchase agreements. Beyond this requirement and those established by Statute or ABOR, the University does not have a policy that specifically addresses custodial credit risk. The Entity's investments are pooled with the ASU Foundation's investments. As of June 30, 2023 and 2022, $4,230,289 and $2,581,721, respectively, of the Entity's investments are exposed to custodial credit risk in that separate pertinent identifying information has not been obtained from the ASU Foundation.

Foreign Currency Risk

Operating funds may not be invested in foreign-denominated securities.

NOTE 3 CAPITAL ASSETS AND RIGHT TO USE ASSETS

Capital assets and right to use assets consist of the following for the years ended June 30, 2023 and 2022:

	2023			
	Beginning Balance	Additions	Retirements	Ending Balance
Depreciable Assets:				
Transmission Antenna and Tower	$ 4,179,099	$ -	$ -	$ 4,179,099
Studio and Other Broadcast Equipment and Furniture and Fixtures	8,070,665	48,195	-	8,118,860
Building Improvements	23	-	-	23
Total Depreciable Assets	12,249,787	48,195	-	12,297,982
Accumulated Depreciation:				
Equipment	(11,236,501)	(250,055)	-	(11,486,556)
Building Improvements	(23)	-	-	(23)
Total Accumulated Depreciation	(11,236,524)	(250,055)	-	(11,486,579)
Capital Assets, Net	$ 1,013,263	$ (201,860)	$ -	$ 811,403
Right to Use Assets:				
Tower	$ 320,250	$ -	$ -	$ 320,250
Copiers	33,775	-	-	33,775
Total Right to Use Assets	354,025	-	-	354,025
Accumulated Amortization:				
Tower	(32,025)	(32,025)	-	(64,050)
Copiers	(7,787)	(7,787)	-	(15,574)
Total Accumulated Amortization	(39,812)	(39,812)	-	(79,624)
Right to Use Assets, Net	$ 314,213	$ (39,812)	$ -	$ 274,401

NOTE 3 CAPITAL ASSETS AND RIGHT TO USE ASSETS (CONTINUED)

	2022			
	Beginning Balance	Additions	Retirements	Ending Balance
Depreciable Assets:				
Transmission Antenna and Tower	$ 4,179,099	$ -	$ -	$ 4,179,099
Studio and Other Broadcast Equipment and Furniture and Fixtures	8,039,663	31,002	-	8,070,665
Building Improvements	23	-	-	23
Total Depreciable Assets	12,218,785	31,002	-	12,249,787
Accumulated Depreciation:				
Equipment	(10,991,265)	(245,236)	-	(11,236,501)
Building Improvements	(23)	-	-	(23)
Total Accumulated Depreciation	(10,991,288)	(245,236)	-	(11,236,524)
Capital Assets, Net	$ 1,227,497	$ (214,234)	$ -	$ 1,013,263
Right to Use Assets:				
Tower	$ -	$ 320,250	$ -	$ 320,250
Copiers	-	33,775	-	33,775
Total Right to Use Assets	-	354,025	-	354,025
Accumulated Amortization:				
Tower	-	(32,025)	-	(32,025)
Copiers	-	(7,787)	-	(7,787)
Total Accumulated Amortization	-	(39,812)	-	(39,812)
Right to Use Assets, Net	$ -	$ 314,213	$ -	$ 314,213

Depreciation expense was $250,053 and $245,236 for the years ended June 30, 2023 and 2022, respectively.

NOTE 4 LEASES

The Entity subleases transmission facilities (Tower lease) from an unrelated party (KPNX) for a monthly rental charge subject to increases by positive percentage increases of the National All Items, All Urban Consumer Price Index calculated by the United States Government Bureau of Labor Statistics. The lease was renewed in fiscal 2012 for a term of five years and expired on June 30, 2017. The lease renewal terms were in negotiation. The lease was month to month until the agreements are finalized.

The Tower lease agreement was finalized in fiscal 2022 under a long-term, noncancelable lease agreement for a term of five years and expires on June 30, 2026. ASU will have the option to renew the sublease for one additional five-year term by providing written notice to KPNX of its intent to renew no later than three months before the expiration of this option term ending June 30, 2026. As it is reasonably certain that Arizona PBC will exercise the extension, the expected maturity of the lease is June 30, 2031.

In addition, the Entity leases two copiers under long-term noncancelable lease agreements expiring in July 2025 and 2026.

The Entity has determined the present value of the lease liabilities using a 3.25% discount rate. The future minimum lease payments under the agreements are as follows:

	Business-Type Activities		
Year Ending June 30,	Principal	Interest	Total
2024	$ 36,840	$ 8,441	$ 45,281
2025	38,052	7,229	45,281
2026	35,845	6,086	41,931
2027	32,642	5,044	37,686
2028	33,477	3,975	37,452
2029-2031	107,203	5,152	112,355
Total Minimum Payments Required	$ 284,059	$ 35,927	$ 319,986

Changes in long-term obligations for the year ended June 30, 2023 are as follows:

	Balances June 30, 2022	Additions	Reductions	Balances June 30, 2023	Due Within One Year
Lease Liabilities:					
Tower Lease	$ 292,697	$ -	$ (28,463)	$ 264,234	$ 29,401
Copier Leases	27,030	-	(7,205)	19,825	7,439
Total Lease Liabilities	$ 319,727	$ -	$ (35,668)	$ 284,059	$ 36,840

NOTE 4 LEASES (CONTINUED)

Right to use assets acquired through the outstanding leases are shown below.

	Business-Type Activities
Right to Use Assets:	
Tower	$ 320,250
Copiers	33,775
Less: Accumulated Amortization	(79,624)
Right to Use Assets, Net	$ 274,401

NOTE 5 SPLIT-INTEREST AGREEMENTS

The Entity is the beneficiary of seventeen charitable remainder trusts directed to the ASU Foundation. The charitable remainder trusts provide for the payment of distributions to the grantor or other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets are available for the Entity's use. The portion of the trust attributable to the present value of the future benefits to be received by the Entity is recorded as deferred inflows of resources until termination of the agreement at which time the amount will be recorded as a contribution. Investments held in the charitable remainder trusts are reported at fair value. On an annual basis, the Entity revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. Adjustments to reflect the valuation of the present value of the estimated annuity payments and changes in actuarial assumptions are recognized as adjustments to deferred inflows of resources. The present value of the estimated annuity payments was calculated using a discount rates of 3.4% and 3.4% as of June 30, 2023 and 2022.

NOTE 6 TRANSACTIONS WITH AFFILIATED ENTITIES

The Entity received indirect support from the University of $3,381,058 in 2023 and $2,623,492 in 2022 based upon the methodology developed by the Corporation for Public Broadcasting. The Entity also received state appropriations for operating, personal services and employee-related reimbursements for KBAQ-FM from the University of $479,217 and $479,670 in 2023 and 2022, respectively, all of which are reported as an increase in unrestricted net position. The Entity operates out of a building owned by ASU and does not pay rent.

NOTE 7 COMMITMENTS

In 1992, the Entity entered into a joint use agreement with Maricopa Community Colleges to operate a classical FM radio station, KBAQ, which commenced operations in 1993. For the years ended June 30, 2023 and 2022, KBAQ recognized $84,261 and $78,062, respectively, in revenue, which is recorded as grants and contracts. In addition, the Entity contributed $323,706 and $323,811 in 2023 and 2022 to fund KBAQ operations for the years then ended. These funds are recorded in programmatic expenditures.

NOTE 8 RETIREMENT PLAN

Full-time, permanent employees of the University are, in general, required to be members of an authorized retirement program. The programs are funded through payroll deductions from covered employees' gross earnings and amounts contributed by the University. In general, employees' rights vest after five years of service under all plans. University contributions of, and interest forfeited by, employees who leave employment before five years of service are used to reduce the University's future period contribution requirements.

Benefit eligible employees of the University are covered by the Arizona State Retirement System (ASRS), a defined benefit retirement plan. The ASRS is a multiemployer, cost-sharing pension plan providing death, and retirement benefits based on a combination of years of service and average monthly earnings, as defined. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information.

The actuarially determined contributions rate as required by statute for both employees and employers was 12.29% of compensation for fiscal year 2023, comprised of 12.14% for retirement and 0.15% for long-term disability for employees. The actuarially determined contributions rate as required by statute for both employees and employers was 12.41% of compensation for fiscal year 2022, comprised of 12.22% for retirement and 0.19% for long-term disability. The Entity's retirement plan expense for this plan was $383,287 in 2023, $370,103 in 2022, and $342,278 in 2021.

The University also offers pension benefits for eligible faculty, academic professionals, certain university staff, and administrative staff via a defined contribution plan. The benefits of the defined contribution plan depend solely on amounts contributed to the plan plus investment earnings. State statute requires that both the employee and the University contribute an amount equal to 7% of the employee's base salary. The Entity's retirement plan expense for this plan was $99,755 in 2023, $92,480 in 2022, and $139,540 in 2021.

NOTE 9 GOVERNMENT ACCOUNTING STANDARDS BOARD STATEMENT NO. 68

Compliant with the requirements of Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, the Arizona State University (the University) has implemented the standard for the fiscal year ended June 30, 2015. Arizona PBS (the Department), as part of the primary government of the Arizona State University, is a contributing employer to a cost sharing multiemployer defined benefit pension plan administered by the Arizona State Retirement System (ASRS). Overall, total pension liability exceeds Plan net position resulting in a net pension liability. The University has determined the University's share of the net pension liability to be a liability of the University as a whole, rather than any agency or department of the University and will not be reported in the department or agency level financial statements of the University. All required disclosures will be presented in the Annual Financial Comprehensive Report (AFR) of the Arizona State University. Information concerning the net pension liability, pension expense, and pension-related deferred inflows and outflows of resources of the primary government will be contained in the AFR and will be available, when issued, from the Office of the Auditor General, 2910 North 44th Street, Suite 410, Phoenix, AZ 85018.

NOTE 10 CONTINGENCY

By statute, the Entity is not allowed to execute debt agreements with outside third parties. In the event the Entity has a shortfall covering its operating expenses, it is anticipated that the University would work with the Entity to develop a repayment plan to cover the deficit.

NOTE 11 SUBSEQUENT EVENTS

Management evaluated subsequent events through February 15, 2024, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2023, but prior to February 15, 2024, that provided additional evidence about conditions that existed at June 30, 2023, have been recognized in the financial statements for the year ended June 30, 2023. Events or transactions that provided evidence about conditions that did not exist at June 30, 2023, but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended June 30, 2023.

ARIZONA PBS
(A DEPARTMENT OF ARIZONA STATE UNIVERSITY)
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Program Services				Support Services			
	Local Programming and Production	Broadcasting	Program Information and Promotion	Total Program Services	Management and General	Fundraising and Membership Development	2023 Total	2022 Total
Salaries, Payroll Taxes, and Employee Benefits	$ 3,911,479	$ 818,907	$ 1,300,318	$ 6,030,704	$ 844,461	$ 850,631	$ 7,725,796	$ 7,198,276
Administrative Service Charge	14,797	12	-	14,809	323	-	15,132	64,437
Conferences and Meetings	9,529	-	1,550	11,079	850	4,830	16,759	5,014
Depreciation and Amortization	-	-	-	-	250,053	-	250,053	285,048
Indirect Administrative Support	-	-	-	-	3,376,253	-	3,376,253	2,623,492
Indirect Cost	205,460	-	-	205,460	-	-	205,460	233,389
Noncapital Equipment	403,257	116,244	-	519,501	30,496	111	550,108	386,894
Educational Outreach - Tuition	701,104	-	-	701,104	-	-	701,104	689,697
Other Operations	550,003	48,258	8,282	606,543	83,009	598,083	1,287,635	650,230
Postage	(3,769)	-	-	(3,769)	-	52,231	48,462	168,286
Professional Fees and Services	1,080,267	426,994	32,831	1,540,092	50,569	1,283,536	2,874,197	2,170,335
Program Licenses and Dues	1,843,752	(1,272)	-	1,842,480	-	-	1,842,480	2,923,660
Rentals	576,113	141,659	2,362	720,134	8,609	579	729,322	21,906
Supplies	197,316	7,062	195	204,573	14,205	562	219,340	156,772
Telephone	16,667	(1,563)	297	15,401	-	109,798	125,199	121,629
Travel	84,818	5,036	368	90,222	9,156	4,628	104,006	64,945
Bad Debt Expense				-		159,302	159,302	-
Capital Equipment	13,997	34,378	-	48,375	(48,375)	-	-	
Total Functional Expenses	$ 9,590,793	$ 1,561,337	$ 1,346,203	$ 12,498,333	$ 4,667,984	$ 3,064,291	$ 20,230,608	$ 17,764,010