CASCADE PUBLIC MEDIA AND SUBSIDIARIES

Consolidated Financial Statements

For the Year Ended June 30, 2023

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Clark Nuber PS

Independent Auditor's Report

To the Board of Directors
Cascade Public Media and Subsidiaries
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, 2023 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, 2023, 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, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 9, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 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.

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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.

Clark Nuber PS

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 and consolidating statement of financial position on page 28 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 P.S.

Certified Public Accountants
November 15, 2023

CASCADE PUBLIC MEDIA AND SUBSIDIARIES

Consolidated Statement of Financial Position
June 30, 2023
(With Comparative Totals for 2022)

	2023	2022
Assets		
Current Assets:		
Cash and cash equivalents	$ 13,152,368	$ 10,845,616
Restricted cash	25,000	50,001
Investments held for short-term purposes	6,398,389	6,244,762
Accounts, grants and contributions receivable, net	855,165	631,408
Prepaid expenses and other current assets	1,111,144	537,876
Total Current Assets	**21,542,066**	**18,309,663**
Grants and contributions receivable, long-term	1,671,129	524,102
Investments held for long-term purposes	49,619,339	41,738,479
Beneficial interest in trusts	677,772	2,014,080
Land, property and equipment, net	32,187,398	26,434,780
Other assets	415,588	331,474
Total Assets	**$106,113,292**	**$ 89,352,578**
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	$ 5,243,190	$ 2,770,410
Deferred revenue	996,543	880,292
Total Current Liabilities	**6,239,733**	**3,650,702**
Gift annuities payable	390,956	433,955
Long-term portion of accrued expenses	142,380	188,528
Long-term portion of deferred revenue	1,610,477	1,721,874
Long-term debt, net	17,029,856	17,024,677
Total Liabilities	**25,413,402**	**23,019,736**
Net Assets:		
Without donor restrictions	47,565,777	42,314,323
With donor restrictions	33,134,113	24,018,519
Total Net Assets	**80,699,890**	**66,332,842**
Total Liabilities and Net Assets	**$106,113,292**	**$ 89,352,578**

See accompanying notes.

CASCADE PUBLIC MEDIA AND SUBSIDIARIES

Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2023
(With Comparative Totals for 2022)

	2023			
	Without Donor Restrictions	With Donor Restrictions	Total	2022 Total
Cascade Public Media				
Revenues:				
Memberships	$ 17,752,737	$ -	$ 17,752,737	$ 17,446,785
Community service and other grants from the Corporation for Public Broadcasting	3,240,124		3,240,124	2,655,494
Other grants and contributions	388,216	1,211,021	1,599,237	8,145,575
Capital campaign	1,595,859	5,997,368	7,593,227	1,021,751
Endowment contributions		2,000,000	2,000,000	4,166,515
Underwriting	907,605		907,605	876,240
In-kind contributions	761,356		761,356	799,787
Excess transmission capacity contract and lease revenue	3,464,361		3,464,361	3,359,519
Investment return, net	2,152,476	1,797,532	3,950,008	(6,020,096)
Other revenue	629,435		629,435	677,262
Net assets released from restrictions	1,890,327	(1,890,327)		
Total Revenues	**32,782,496**	**9,115,594**	**41,898,090**	**33,128,832**
Expenses:				
Program services	17,994,388		17,994,388	15,847,235
Supporting services-				
Development and fundraising	5,860,748		5,860,748	5,700,936
General and administrative	3,535,592		3,535,592	3,037,111
Total supporting services	9,396,340		9,396,340	8,738,047
Total Expenses	**27,390,728**		**27,390,728**	**24,585,282**
Total Change in Cascade Public Media Net Assets	**5,391,768**	**9,115,594**	**14,507,362**	**8,543,550**
Piranha Partners Inc				
Revenues:				
Production revenue	423,363		423,363	385,381
Other income	467		467	54
Total Revenues	**423,830**		**423,830**	**385,435**
General and administrative expenses	564,144		564,144	466,041
Total Change in Piranha Partners Inc Net Assets	**(140,314)**		**(140,314)**	**(80,606)**
Total Change in Net Assets	**5,251,454**	**9,115,594**	**14,367,048**	**8,462,944**
Net assets, beginning of year	42,314,323	24,018,519	66,332,842	57,869,898
Net Assets, End of Year	**$ 47,565,777**	**$ 33,134,113**	**$ 80,699,890**	**$ 66,332,842**

See accompanying notes.

CASCADE PUBLIC MEDIA AND SUBSIDIARIES

Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2023
(With Comparative Totals for 2022)

	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	2023	2022
Personnel	$ 4,939,852	$ 974,609	$ 2,142,868	$ 8,057,329	$ 2,586,023	$ 2,682,553	$ 5,268,576	$ 13,325,905	$ 12,194,037
Program acquisition	3,919,529			3,919,529				3,919,529	3,560,251
Professional services	865,618	274,812	611,597	1,752,027	1,161,155	354,010	1,515,165	3,267,192	2,919,101
Supplies and maintenance	553,443	160,252	232,420	946,115	190,302	118,617	308,919	1,255,034	1,183,663
Printing and postage	8,234	3,129	588,161	599,524	593,039	5,504	598,543	1,198,067	1,109,414
Advertising and promotion	16,935	99,450	653,251	769,636	358,626	25,433	384,059	1,153,695	898,216
Depreciation and amortization	543,235	387,826	26,659	957,720	84,075	63,580	147,655	1,105,375	1,061,000
Miscellaneous	166,062	82,344	91,248	339,654	271,823	287,774	559,597	899,251	605,291
Licenses, permits and fees	47,872	358	12,310	60,540	486,414	86,890	573,304	633,844	623,115
Insurance	19,032	9,442	3,102	31,576	11,253	318,454	329,707	361,283	296,691
Occupancy	100,524	108,763	17,966	227,253	59,994	52,460	112,454	339,707	251,912
Donated services and supplies	78,760	1,420	143,459	223,639	36,331	1,855	38,186	261,825	171,362
Travel and training	79,493	3,035	21,937	104,465	17,666	34,631	52,297	156,762	82,163
Membership and dues	4,961		420	5,381	4,047	67,975	72,022	77,403	95,107
Total Expenses 2023	**$ 11,343,550**	**$ 2,105,440**	**$ 4,545,398**	**$ 17,994,388**	**$ 5,860,748**	**$ 4,099,736**	**$ 9,960,484**	**$ 27,954,872**	
Total Expenses 2022	**$ 10,262,934**	**$ 1,984,897**	**$ 3,599,404**	**$ 15,847,235**	**$ 5,700,936**	**$ 3,503,152**	**$ 9,204,088**		**$ 25,051,323**

See accompanying notes.

CASCADE PUBLIC MEDIA AND SUBSIDIARIES

Consolidated Statement of Cash Flows
For the Year Ended June 30, 2023
(With Comparative Totals for 2022)

	2023	2022
Cash Flows From Operating Activities:		
Change in net assets	$ 14,367,048	$ 8,462,944
Adjustments to reconcile change in net assets to net cash provided by operating activities-		
Depreciation and amortization	1,105,375	1,061,000
Contributions restricted for investment in long-term assets and endowment	(7,997,368)	(5,188,266)
Realized and unrealized (gain) loss on investments, net	(2,906,899)	6,546,595
Contribution of beneficial interest in remainder trust	(144,699)	(1,657,158)
Change in value of beneficial interest in trusts	(151,475)	198,435
Amortization of debt issuance costs	7,179	
Changes in operating assets and liabilities:		
Accounts, grants and contributions receivable, net	(223,757)	(182,998)
Prepaid expenses and other current assets	(657,382)	(114,868)
Beneficial interest in trust	1,567,482	
Accounts payable and accrued expenses	70,002	649,729
Deferred revenue	4,854	(85,064)
Gift annuities payable	(42,999)	(33,338)
Net Cash Provided by Operating Activities	**4,997,361**	**9,657,011**
Cash Flows From Investing Activities:		
Purchases of land, property and equipment	(4,501,363)	(23,914,255)
Purchases of investments	(15,042,329)	(39,512,624)
Proceeds from sale of investments	9,914,741	28,996,950
Net Cash Used in Investing Activities	**(9,628,951)**	**(34,429,929)**
Cash Flows From Financing Activities:		
Proceeds from contributions restricted for investment in long-term assets and endowments	6,915,341	4,729,164
Proceeds from long-term debt		17,250,000
Payments of debt issuance costs	(2,000)	(225,323)
Net Cash Provided by Financing Activities	**6,913,341**	**21,753,841**
Net Change in Cash, Cash Equivalents and Restricted Cash	**2,281,751**	**(3,019,077)**
Cash, cash equivalents and restricted cash, beginning of year	10,895,617	13,914,694
Cash, Cash Equivalents and Restricted Cash, End of Year	**$ 13,177,368**	**$ 10,895,617**
Reconciliation to Consolidated Statement of Financial Position:		
Cash and cash equivalents	$ 13,152,368	$ 10,845,616
Restricted cash	25,000	50,001
	$ 13,177,368	**$ 10,895,617**
Supplementary Information:		
Property and equipment purchases in accounts payable	$ 2,430,726	$ 74,096
Cash paid for interest	$ 416,885	$ 499

See accompanying notes.

Note 1 - Nature of Operations and Significant Accounting Policies

Organization - KCTS Television (KCTS), a nonprofit corporation incorporated in the State of Washington on September 16, 1983, provides service to the community through quality television programs. KCTS has operated continuously as a public television station since 1954.

On September 15, 1987, the Federal Communications Commission's (FCC) broadcast license was transferred from the University of Washington to KCTS, making it the owner and operator of KCTS. The license has been recorded at the nominal value of $1 to represent ownership.

In order to expand on the strategy and commitment to present content across multiple platforms and serve constituents across generations, KCTS merged with Crosscut Public Media, a nonprofit daily news website (Crosscut.com), on December 2, 2015. To better reflect the expanded activities of the organization, KCTS Television changed its legal name to Cascade Public Media (CPM) in December 2015.

The Channel 9 Corporation (the Corporation), a for-profit corporation, 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 provides video production and creative services to other nonprofit and for-profit businesses.

On May 29, 2017, the Organization 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.

KCTS is an award-winning PBS television station serving western and central Washington and British Columbia. KCTS educates and enriches the community by providing informative, entertaining programs on-air and online at KCTS9.org. This programming, combined with meaningful outreach, creates public dialogue on important local and national issues. KCTS also provides PBS KIDS 24/7, a television channel featuring curriculum-based educational content for families throughout the state; WORLD Channel, a television channel highlighting documentary, science and news programs from around the globe; and Create, a food, travel and lifestyle channel. Each week, KCTS broadcasts 158 hours of educational, noncommercial, nonviolent programs for children in addition to its PBS KIDS 24/7 channel, which airs children's programming exclusively. KCTS is a member of the Public Broadcasting Service (PBS) and American Public Television (APT). KCTS is in the 12th largest television market in the United States, and with its Canada audiences included, KCTS serves over 1,279,000 viewers per week (unaudited). KCTS produces programs for local, regional, national, and international distribution.

Crosscut is the Pacific Northwest's reader-supported, independent, nonprofit digital news site with teams focused on news and politics, arts and culture, and science and environment. Crosscut strives to provide readers with the facts and analysis they need to intelligently participate in civic discourse.

During the fiscal year 2023, more than 99,000 donors made a contribution to Cascade Public Media (unaudited).

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

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 $0 and $71,948 of in-kind conditional promises to give at June 30, 2023 and 2022, respectively. There was an additional $750,000 in conditional contributions at June 30, 2023 and 2022 expected to be recognized in 2024.

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 $65,250 and $79,625 of deferred revenue for conditional underwriting agreements at June 30, 2023 and 2022, respectively. Additionally, there was $194,269 and $163,199 of underwriting contracts signed but not billed or earned at June 30, 2023 and 2022. Revenue from conditional underwriting grants is expected to be recognized over the next year.

Note 1 - Continued

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.

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 and 2022 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 - Accounts, 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 accounts, grants, or contributions receivable. The allowance for doubtful accounts totaled approximately $201,000 and $169,000 at June 30, 2023 and 2022, respectively. Current accounts, grants, and contribution receivables are due within one year.

Inventories - Inventories consist of products for sale related to public television programs. Inventories are stated based on the lower of cost (average cost method) or net realizable value.

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.

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

Change in Accounting Policy - Effective July 1, 2022, the Organization adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, *Leases (Topic 842)* (ASC Topic 842) and related ASUs using the modified retrospective approach with comparative accounting periods continuing to be presented under previous lease guidance (ASC Topic 840). ASC Topic 842 requires lessors to classify leases as an operating lease, sales-type lease, or direct financing lease. There was no material impact on the Organization's results of operations or financial condition upon adoption of the new standard.

The Organization has elected the package of practical expedients allowed for under transition guidance within ASC Topic 842. As a result, the Organization accounted for its existing contracts without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the leases would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. Additionally, the Organization did not elect the practical expedient to use hindsight in determining the lease term (that is, when considering lessor options to extend or terminate the lease and to purchase the underlying asset or when considering lessee options to extend or terminate the lease and to purchase the underlying asset) and in assessing impairment of the entity’s right-of-use (ROU) assets.

The Organization determines if an arrangement contains a lease at inception. 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.

Additionally, as a practical expedient, the Organization, as a lessor and lessee, has elected not to separate lease and non-lease components in a contract. This practical expedient requires an entity to assess whether a contract is predominantly lease or service-based and recognize the entire contract under the relevant accounting guidance. Contracts determined to be predominantly lease-based are accounted for under ASC Topic 842 and contracts that are primarily service-based are accounted for under ASC Topic 606. For the year ended June 30, 2022, the Organization recognized lease revenue in accordance with the provision of the prior lease guidance, ASC Topic 840. Upon adoption of ASC Topic 842, beginning July 1, 2022, the Organization recognized the lease revenue based on the predominant component, generally the lease component, resulting in accounting for this revenue under ASC Topic 842. The timing and pattern of revenue recognition is substantially the same as prior to adoption of ASC Topic 842.

Note 1 - Continued

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:

	2023	2022
Services	$ 76,948	$ 143,896
Goods	157,757	7,800
Vehicles	509,565	631,005
Advertising	17,086	17,086
Total In-Kind Contributions	**$ 761,356**	**$ 799,787**

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 $630,000 and $369,000 for the years ended June 30, 2023 and 2022, respectively.

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 is a wholly owned subsidiary of Cascade Public Media and is a for-profit taxable company that files its own federal income tax returns.

Piranha accounts 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 and $196,000 at June 30, 2023 and 2022, respectively, which have been fully offset by a valuation allowance. For federal income tax purposes, Piranha had net operating loss carryforwards of approximately $276,000 at June 30, 2023, which expire between 2024 and 2036 and $351,000 not subject to expiration.

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.

Note 1 - Continued

There were no revenue concentrations during the year ended June 30, 2023. Revenue from two individuals comprised 26% of the Organization's total revenue for the year ended June 30, 2022.

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, 2023, the Organization employed 140 employees of whom approximately 16% are represented by a union under a collective bargaining agreement. An existing collective bargaining agreement is effective through June 30, 2028.

On July 31, 2019, employees of the editorial staff voted to be represented by Pacific Northwest Newspaper Guild. A collective bargaining agreement, which covers 23 positions as of June 30, 2023, is effective through September 30, 2024.

Financial Statement Reclassifications - Certain reclassifications have been made to the prior year consolidated financial statements to conform to the current year presentation. Such reclassifications have no effect on the change in net assets or net asset balances as previously reported.

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, 2022, from which the summarized information was derived.

Subsequent Events - The Organization has evaluated subsequent events through November 15, 2023, the date on which the consolidated financial statements were available to be issued.

Note 2 - Accounts, Grants and Contributions Receivable

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

	2023			2022
	Capital	Operating	Total	Total
Due to be collected-				
In less than one year	$ 1,377,952	$ 894,277	$ 2,272,229	$ 839,173
One to five years	471,166		471,166	506,833
Total receivables	1,849,118	894,277	2,743,395	1,346,006
Less allowance for doubtful accounts	(162,233)	(39,112)	(201,345)	(168,888)
Less present value discount (2.32%)	(15,756)		(15,756)	(21,608)
Accounts, Contributions and Grants Receivable, Net	**$ 1,671,129**	**$ 855,165**	**$ 2,526,294**	**$ 1,155,510**

Note 2 - Continued

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 (the Capital Campaign).

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, 2023 and 2022.

Note 3 - Investments

Investments consisted of the following at June 30:

	2023	2022
Cash and cash equivalents	$ 811,279	$ 3,484,177
Exchange traded funds	14,505,111	17,469,308
U.S. Treasuries	4,623,809	2,735,199
Domestic equities	8,902,622	
U.S. Federal agencies securities	1,370,908	832,483
Corporate bonds	1,945,334	1,457,862
Guaranteed investment accounts	4,084	4,271
Mutual funds	23,854,581	21,999,941
Total Investments	**$ 56,017,728**	**$ 47,983,241**

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

	2023	2022
Unrealized gain (loss)	$ 2,685,541	$ (9,310,078)
Interest and dividends	1,217,544	646,287
Realized gain	221,358	2,763,483
Investment fees and expenses	(174,435)	(119,788)
Total Investment Return, Net	**$ 3,950,008**	**$ (6,020,096)**

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, 2023 and 2022.

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.

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.

Note 4 - Continued

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

	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
Total Investments	**$ 52,697,402**	**$ 3,320,326**	**$ -**	**$ 56,017,728**

	Fair Value Measurements as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 3,484,177	$ -	$ -	$ 3,484,177
Exchange traded funds	17,469,308			17,469,308
U.S. Treasuries	2,735,199			2,735,199
U.S. Federal agencies securities		832,483		832,483
Corporate bonds		1,457,862		1,457,862
Guaranteed investment accounts		4,271		4,271
Mutual funds	21,999,941			21,999,941
Total Investments	**$ 45,688,625**	**$ 2,294,616**	**$ -**	**$ 47,983,241**

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, 2023, 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).

Note 5 - Continued

The Organization has a quasi-endowment of approximately $20.6 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:

	2023	2022
Cash and cash equivalents	$ 13,152,368	$ 10,845,616
Accounts, grants and contributions receivable, net	2,526,294	1,155,510
Investments	56,017,728	47,983,241
Total financial assets excluding restricted cash and beneficial interest in assets held by others	71,696,390	59,984,367
Board-designated quasi-endowment fund	(20,578,895)	(16,414,306)
add back annual appropriation for operations	518,100	
Board-designated capital campaign fund	(9,265,893)	(7,491,821)
Donor-restricted endowment fund investments	(22,547,888)	(19,144,392)
add back annual appropriation for operations	510,132	459,063
Donor-restricted for specific programs or time	(10,053,151)	(2,860,047)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	**$ 10,278,795**	**$ 14,532,864**

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 certificates of deposit and publicly traded equity securities that are convertible to cash in the normal market trading cycle.

Note 6 - Land, Property and Equipment

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

	2023	2022
Land	$ 9,413,063	$ 9,413,063
Building and improvements	9,224,761	9,224,761
Transmitter, antenna, microwave/TVRO	3,548,407	3,548,407
Studio and other broadcast and production equipment	20,365,255	21,409,810
Furniture and fixtures	671,355	671,389
	43,222,841	44,267,430
Less accumulated depreciation	(31,151,566)	(31,840,967)
	12,071,275	12,426,463
Construction-in-progress	20,116,123	14,008,317
Total Land, Property and Equipment, Net	**$ 32,187,398**	**$ 26,434,780**

Note 7 - Deferred Revenue

Deferred revenue consisted of the following as of June 30:

	2023	2022
Deferred production income	$ -	$ 32,500
Deferred underwriting income	65,250	79,625
Deferred membership income	575,547	457,338
Deferred rental income	321,543	330,668
Deferred excess transmission capacity income	1,644,680	1,702,035
Total Deferred Revenue	**$ 2,607,020**	**$ 2,602,166**

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 6.75%. 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 $42,991 and $33,346 for the years ended June 30, 2023 and 2022, respectively, and are included in other revenue on the consolidated statement of activities and changes in net assets.

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, 2023 or 2022.

Note 10 - Long-Term Debt

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, 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,	
2024	$ -
2025	403,658
2026	416,848
2027	426,761
2028	436,568
Thereafter	15,566,165
Total principal payments	17,250,000
Less unamortized debt issuance costs	(220,144)
Total Long-Term Debt, Net	**$ 17,029,856**

Note 11 - Leases and Excess Transmission Capacity Agreements

The Organization has entered into a number of lease and sublease agreements as lessor for real property and facilities. The Organization also has an agreement in place for excess transmission capacity.

Transmission Site and Tower Lease - On September 29, 2016, the Organization entered into a lease agreement to lease to Friends of KEXP the Organization's additional space on its transmission tower for KEXP to operate communication facilities in the Seattle area. The lease was retroactive to April 1, 2016 to include the free rent period and had an initial term through March 31, 2021. The lease automatically renews for five year terms unless notification of termination was given six months prior to the renewal date. Monthly payments are $4,265 with a 3% annual increase. The lease was restated January 1, 2020 to allow $1,200 of monthly payments to be paid through in-kind advertising or cash. During the year ended June 30, 2021 an amendment was created to add use of the generator for the remaining duration of the lease. This amendment has added monthly payments of $700 for two years, after which monthly payments are reduced to $50 for the remainder of lease term.

On June 13, 2021, the Organization entered into a lease agreement to lease SeaSound the Organization's additional space on its transmission tower for SeaSound to operate antennas for an FM translator. This lease began July 1, 2021 and requires monthly payments of $1,436 increasing 3% each year thereafter through 2026. During the year ended June 30, 2023 an amendment was created to assign the lease to Iglesia Pentecostcal Vispera Del Fin from SeaSound.

Building and Tower Lease - On August 22, 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 from November 1, 2019 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.

Note 11 - Continued

Office Space - On September 10, 2018, the Organization entered into a lease agreement renting office space within the Organization's 401 Mercer Street building to the City. The lease runs from September 17, 2018 through December 31, 2023 with initial base rent of $3,125 per month, adjusted January 1, 2020 and each January 1 thereafter by the lesser of 3% or the positive percentage change in the CPI. During the year ended June 30, 2023, this lease was amended to have the entirety of rent abated for calendar year 2023 and the occupant only paying $200 until the space was vacated. This lease was terminated subsequent to year end prior to the termination date.

On October 26, 2020, the Organization entered into a lease agreement renting office space within the Organization's 401 Mercer Street building to The Associated Press. The lease runs from December 1, 2020 through December 31, 2023, with initial base rent of $2,667 per month, adjusted each December 1 thereafter by 2%. This lease was terminated early and subsequent to year end.

All office space leases will terminate on or before December 31, 2023, concurrent with the Organization's lease term with the City.

Excess Transmission Capacity Agreement - The Organization had an original excess transmission capacity agreement dated June 18, 2001 between the Organization and Clearwire Spectrum Holdings III, (Clearwire) for use of excess capacity. Pursuant to the terms in the updated agreement, signed May 25, 2010, the agreement has an initial term that begins upon the commencement date of June 25, 2010 with renewable terms of up to 30 years from the commencement date. Under the terms of the agreement, Clearwire made certain incentive payments. The total of all incentive payments has been deferred as income and will be recognized as revenue on the consolidated statement of activities and changes in net assets over the full term of the agreement, which is the estimated period over which Clearwire is expected to benefit from the advance payments. In addition, Clearwire agreed to pay monthly fees ranging from $160,000 to $377,050 throughout the agreement term, subject to amendment based on actual capacity usage and changes in geographic service areas.

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 entered into a tower lease agreement with the County, on December 1, 2005. Under the terms of the lease, the Organization rents space on its transmission tower to the County for installation of communications equipment for the King County Metro Transit system. The initial lease term ran from September 1, 2007 through September 1, 2012, with three automatic five-year extensions, at a rate of $1,600 per month, with annual rate adjustments at the lesser of 4% or the increase in the CPI. The third renewal period began September 1, 2022, with initial installment payments of $4,825, and annual rate adjustments.

On February 25, 2010, the Organization entered into a second tower lease agreement with the County to rent additional space on its transmission tower to operate communication facilities in the Seattle area. The initial lease term runs from January 1, 2010, through December 31, 2014, with three automatic five-year extensions, at a rate of $885 per month, with annual rate adjustments at the lesser of 4% or the increase in the CPI. The first renewal period of the lease was entered into beginning January 1, 2015. The second renewal period of the lease was entered into beginning January 1, 2020.

Note 11 - Continued

On May 2, 2018, the Organization entered into a lease agreement with the County, leasing tower space for the establishment of the Puget Sound Emergency Radio Network. The initial lease term ran from August 1, 2018 through July 31, 2043, with three automatic five-year extensions, at a rate of $16,600 per month. Monthly rent will increase by 1.5% on each anniversary of the commencement date. Rent will be reduced by $2,000 per month for the first sixteen years of the lease as consideration for the cost of improvements the lessee intends to perform.

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

For the Year Ending June 30,	Noncancelable Operating Leases	Excess Transmission Capacity Agreement	Cancelable Operating Leases	Total
2024	$ 324,227	$ 2,826,629	$ 266,599	$ 3,417,455
2025	309,897	2,911,429	272,864	3,494,190
2026	312,341	2,998,778	279,299	3,590,418
2027	294,884	3,088,739	285,911	3,669,534
2028	296,877	3,181,405	275,668	3,753,950
Thereafter	5,061,020	46,116,683	8,674,641	59,852,344
Lease and Excess Transmission Capacity Agreement Revenue	**$ 6,599,246**	**$ 61,123,663**	**$ 10,054,982**	**$ 77,777,891**

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, 2023 and 2022, 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 $437,000 and $511,000 for the years ended June 30, 2023 and 2022, respectively.

Note 13 - Net Assets Without Donor Restrictions

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

	2023	2022
Undesignated	$ 19,846,683	$ 20,538,275
Board-Designated Quasi Endowment Fund	20,723,594	16,414,306
Board-Designated Capital Campaign Fund	9,265,893	7,491,821
Piranha Partners Inc	(2,270,393)	(2,130,079)
Total Net Assets Without Donor Restrictions	**$ 47,565,777**	**$ 42,314,323**

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:

	2023	2022
Subject to the passage of time or expenditure for specified purpose-		
Program services	$ 2,596,899	$ 1,492,611
Capital campaign	7,456,252	1,367,436
Accumulated endowment earnings	4,464,035	3,125,539
Total subject to the passage of time or expenditure for specified purpose	14,517,186	5,985,586
Beneficial interest in trusts	533,074	2,014,080
Perpetual endowment funds-		
General	703,993	638,993
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	
Floyd Jones	14,166,515	14,166,515
Total perpetual endowment funds	18,083,853	16,018,853
Total Net Assets With Donor Restrictions	**$ 33,134,113**	**$ 24,018,519**

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.

Note 15 - Continued

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.

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	$ 20,578,895	$ -	$ -	$ 20,578,895
Donor restricted endowment		4,464,035	18,083,853	22,547,888
Endowment Net Assets, June 30, 2023	**$ 20,578,895**	**$ 4,464,035**	**$ 18,083,853**	**$ 43,126,783**
Endowment Net Assets, June 30, 2022	**$ 16,414,306**	**$ 3,125,539**	**$ 16,018,853**	**$ 35,558,698**

Note 15 - Continued

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	2023 Total	2022 Total
Endowment net assets, beginning of year	$ 16,414,306	$ 3,125,539	$ 16,018,853	$ 35,558,698	$ 36,965,833
Investment return	1,668,326	1,797,532		3,465,858	(5,279,426)
Donor endowment contributions and collections on beneficial interest in trust			2,065,000	2,065,000	4,231,515
Funds designated for quasi-endowment	2,500,000			2,500,000	250,000
Quasi-endowment transfer	(3,737)			(3,737)	(150,672)
Appropriation of endowment for expenditure		(459,036)		(459,036)	(458,552)
Endowment Net Assets, End of Year	**$ 20,578,895**	**$ 4,464,035**	**$ 18,083,853**	**$ 43,126,783**	**$ 35,558,698**

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, 2023 and 2022, 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.

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.

Note 15 - Continued

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, 2023 and 2022. 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, 2023 were approximately $8 million.

SUPPLEMENTARY INFORMATION

CASCADE PUBLIC MEDIA AND SUBSIDIARIES

Consolidating Statement of Financial Position
For the Year Ended June 30, 2023

	CPM Organization Holding Certificate of Exemption	Piranha Partners Inc	Consolidated Total
Assets			
Current Assets:			
Cash and cash equivalents	$ 13,105,863	$ 46,505	$ 13,152,368
Restricted cash	25,000		25,000
Investments held for short-term purposes	6,398,389		6,398,389
Accounts, grants and contributions receivable, net	809,584	45,581	855,165
Prepaid expenses and other current assets	1,111,144		1,111,144
Due from (due to)	2,283,416	(2,283,416)	
Total Current Assets	**23,733,396**	**(2,191,330)**	**21,542,066**
Grants and contributions receivable, long-term	1,671,129		1,671,129
Investments held for long-term purposes	49,619,339		49,619,339
Beneficial interest in trusts	677,772		677,772
Land, property and equipment, net	32,179,958	7,440	32,187,398
Other assets	415,588		415,588
Total Assets	**$108,297,182**	**$ (2,183,890)**	**$106,113,292**
Liabilities and Net Assets			
Current Liabilities:			
Accounts payable and accrued expenses	$ 5,163,222	$ 79,968	$ 5,243,190
Deferred revenue	996,543		996,543
Total Current Liabilities	**6,159,765**	**79,968**	**6,239,733**
Gift annuities payable	390,956		390,956
Long-term portion of accrued expenses	135,845	6,535	142,380
Long-term portion of deferred revenue	1,610,477		1,610,477
Long-term debt	17,029,856		17,029,856
Total Liabilities	**25,326,899**	**86,503**	**25,413,402**
Net Assets:			
Without donor restrictions	49,836,170	(2,270,393)	47,565,777
With donor restrictions	33,134,113		33,134,113
Total Net Assets	**82,970,283**	**(2,270,393)**	**80,699,890**
Total Liabilities and Net Assets	**$108,297,182**	**$ (2,183,890)**	**$106,113,292**

See independent auditor’s report.