

**PERMIAN BASIN PUBLIC
TELECOMMUNICATIONS, INC.**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
AUGUST 31, 2022 AND 2021**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Permian Basin Telecommunications, Inc.
Midland, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Permian Basin Telecommunications, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 2022 and the related statements of activities, and cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Organization, as of August 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2021 financial statements and our report dated December 5, 2021 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Comparative Financial Information

The accompanying 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 presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended August 31, 2022, from which the summarized information was derived.



Odessa, Texas

December 19, 2022



PERMIAN BASIN PUBLIC TELECOMMUNICATIONS, INC
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2022
(WITH COMPARATIVE TOTALS FOR 2022)

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and Cash Equivalents	\$ 2,210,852	\$ 2,274,261
Accounts Receivable	45,354	22,113
Prepaid Expenses	<u>48,452</u>	<u>37,177</u>
TOTAL CURRENT ASSETS	2,304,658	2,333,551
PROPERTY AND EQUIPMENT	5,827,564	5,670,371
Less: Accumulated Depreciation	<u>(1,184,051)</u>	<u>(1,019,027)</u>
	4,643,513	4,651,344
TOTAL ASSETS	<u>\$ 6,948,171</u>	<u>\$ 6,984,895</u>
LIABILITIES AND NET ASSETS		
Accounts Payable	\$ 74,601	\$ 54,846
Deferred Revenue	<u>21,333</u>	<u>12,000</u>
TOTAL CURRENT LIABILITIES	<u>95,934</u>	<u>66,846</u>
LONG TERM LIABILITIES COMMITMENT	-	-
TOTAL LIABILITIES	<u>95,934</u>	<u>66,846</u>
NET ASSETS		
Without Donor Restrictions	6,644,504	6,365,948
With Donor Restrictions	<u>207,733</u>	<u>522,101</u>
TOTAL NET ASSETS	<u>6,852,237</u>	<u>6,918,049</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,948,171</u>	<u>\$ 6,984,895</u>

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

PERMIAN BASIN PUBLIC TELECOMMUNICATIONS, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	Without Donor Restrictions	With Donor Restrictions	<u>Total all classes</u>	
			<u>2022</u>	<u>2021</u>
PUBLIC SUPPORT AND REVENUES:				
Corporation for Public Broadcasting Grants	\$ 840,180	\$ -	\$ 840,180	\$ 1,295,026
Other Grants	516,700	-	516,700	290,912
PBS	1,500	-	1,500	10,000
Corporate and Individual Memberships	265,598	-	265,598	330,853
Interest Income	286	-	286	3,270
In-Kind Contributions	18,354	-	18,354	23,620
Special Event Revenue	130,240	-	130,240	163,802
Production Revenue	58,500	-	58,500	54,597
Other Revenue	114,407	-	114,407	55,612
PPP Forgiveness	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,900</u>
TOTAL REVENUE AND OTHER SUPPORT	1,945,765	-	1,945,765	2,311,592
NET ASSETS RELEASED FROM RESTRICTIONS				
Satisfaction of Purpose Restrictions	<u>344,368</u>	<u>(344,368)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES AND OTHER SUPPORT	2,290,133	(344,368)	1,945,765	2,311,592
EXPENSES:				
Program Services:				
Programming	492,718	-	492,718	492,974
Education	127,420	-	127,420	86,171
Community Engagement	79,817	-	79,817	78,802
Production	237,956	-	237,956	223,506
Broadcasting	421,190	-	421,190	420,878
Support Services:				
Management and General Expenses	451,359	-	451,359	473,612
Special Event Expense	62,015	-	62,015	114,307
In-Kind Expenses	18,354	-	18,354	23,620
Fundraising and Development	<u>120,748</u>	<u>-</u>	<u>120,748</u>	<u>115,112</u>
TOTAL EXPENSES	2,011,577	-	2,011,577	2,028,982
CHANGE IN NET ASSETS:	278,556	(344,368)	(65,812)	282,610
NET ASSETS, beginning of year	<u>6,365,948</u>	<u>552,101</u>	<u>6,918,049</u>	<u>6,635,439</u>
NET ASSETS, end of year	<u>\$ 6,644,504</u>	<u>\$ 207,733</u>	<u>\$ 6,852,237</u>	<u>\$ 6,918,049</u>

The accompanying notes are an integral part of these financial statements

PERMIAN BASIN PUBLIC TELECOMMUNICATIONS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	Program Services				
	Programming	Education	Community Engagement	Production	Broadcast Operations
SALARY & BENEFITS					
Salary & Benefits	\$ 39,788	\$ 82,529	\$ 57,582	\$ 45,891	\$ 135,854
Payroll Taxes	2,876	6,314	4,230	3,244	9,506
Benefits	9,472	5,553	8,241	5,828	22,442
Workers Comp Insurance	-	-	-	-	-
Total Salary & Benefits	52,136	94,396	70,053	54,963	167,802
Rent/Lease Facility	-	1,850	-	585	-
Tower Lease	-	-	-	-	87,461
Program Costs	393,539	-	-	-	-
Professional Memberships	-	15	63	-	-
Production Costs	694	5,575	719	89,613	-
Legal Fees	-	-	-	-	-
Accounting Services	-	-	-	-	-
Consultants	36,000	-	-	3,594	-
Service Contracts	5,008	8,000	-	-	18,328
Utilities	-	-	-	-	25,732
Insurance	-	932	-	-	-
Postage/Shipping	1,439	154	122	16	11
Printing	2,320	6,105	262	2,757	411
Telephone	689	1,200	1,200	1,250	1,723
Travel/Conferences	-	1,905	2,202	786	205
Hospitality	-	204	1,526	4,828	-
IT/Computer	-	-	-	-	753
Computer-Software	-	167	-	1,149	88
Premiums	-	-	-	-	-
Rental Expense	-	724	-	450	2,753
Repairs & Maintenance	-	-	2,975	-	819
Broadcast and Production Supplies	-	-	-	-	8,840
Bank Fees	-	-	1	-	-
Supplies & Other	199	5,723	694	49,738	46
In Kind Expenses	-	-	-	-	-
Grant Pass Thru	-	-	-	-	-
TOTAL BEFORE DEPRECIATION	491,925	126,950	79,817	209,729	314,972
Depreciation	793	470	-	28,227	106,218
TOTAL EXPENSES	<u>\$ 492,718</u>	<u>\$ 127,420</u>	<u>\$ 79,817</u>	<u>\$ 237,956</u>	<u>\$ 421,190</u>

The accompanying notes are an integral part of these financial statements

PERMIAN BASIN PUBLIC TELECOMMUNICATIONS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

	Supporting Services			2022	2021
	Management & General	Development/ Fundraising	Special Events		
SALARY & BENEFITS					
Salary & Benefits	\$ 127,378	\$ 75,100	\$ -	\$ 564,122	\$ 504,252
Payroll Taxes	9,601	5,342	-	41,114	37,857
Benefits	22,003	14,757	-	88,295	60,580
Workers Comp Insurance	<u>2,787</u>	<u>-</u>	<u>-</u>	<u>2,787</u>	<u>2,876</u>
Total Salary & Benefits	161,769	95,199	-	696,318	605,565
Rent/Lease Facility	-	-	-	2,435	-
Tower Lease	-	-	-	87,461	92,820
Program Costs	-	-	-	393,539	396,703
Professional Memberships	2,235	-	-	2,313	1,521
Production Costs	694	561	24,666	122,423	179,053
Legal Fees	4,527	-	-	4,527	619
Accounting Services	36,840	-	-	36,840	35,202
Consultants	-	-	-	39,594	56,920
Service Contracts	20	4,776	-	36,132	29,484
Utilities	13,451	-	-	39,183	41,371
Insurance	33,957	-	1,334	36,223	36,711
Postage/Shipping	1,470	2,410	264	5,886	6,178
Printing	1,292	7,769	2,484	23,400	13,064
Telephone	6,774	1,200	-	14,036	18,057
Travel/Conferences	1,198	370	481	7,147	4,534
Hospitality	5,000	295	13,850	25,703	20,813
IT/Computer	1,069	-	-	1,822	3,745
Computer-Software	997	831	-	3,232	4,145
Premiums	-	1,804	-	1,804	3,658
Rental Expense	20,215	-	-	24,142	-
Repairs & Maintenance	29,668	-	3,793	37,257	75,525
Broadcast and Production	(1)	-	27	8,866	3,518
Bank Fees	1,062	3,248	1,263	5,574	6,545
Supplies & Other	7,292	746	13,853	78,291	106,796
In Kind Expenses	18,354	-	-	18,354	23,620
Grant Pass Thru	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500</u>
TOTAL BEFORE DEPRECIATION	347,883	119,209	62,015	1,752,502	1,767,667
Depreciation	121,831	1,539	-	259,077	261,316
TOTAL EXPENSES	<u>\$ 469,713</u>	<u>\$ 120,748</u>	<u>\$ 62,015</u>	<u>\$ 2,011,577</u>	<u>\$ 2,028,982</u>

The accompanying notes are an integral part of these financial statements

PERMIAN BASIN PUBLIC TELECOMMUNICATIONS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2022
(WITH COMPARATIVE TOTALS FOR 2021)

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2022</u>	<u>2021</u>
Cash collected from revenue and other support	\$ 1,913,216	\$ 2,267,822
Cash paid for operating expenses	(1,725,665)	(1,752,898)
Investment Income	<u>286</u>	<u>3,270</u>
NET CASH PROVIDED BY OPERATIONS	187,837	518,194
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(251,246)	(63,130)
NET CASH USED IN INVESTING ACTIVITIES	<u>(251,246)</u>	<u>(63,130)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from borrowings	-	-
Repayments of debt	<u>-</u>	<u>-</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	-
Net increase (decrease) in cash	(63,409)	455,064
CASH at beginning of year	<u>2,274,261</u>	<u>1,819,197</u>
CASH at end of year	<u>\$ 2,210,852</u>	<u>\$ 2,274,261</u>
RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Increase (Decrease) in net assets	\$ (65,812)	\$ 282,610
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities		
Depreciation	259,078	261,316
Accounts Receivable	(23,242)	5,928
Prepaid Expenses	(11,275)	28,871
Accounts Payable	19,755	(71,099)
Deferred Revenue	9,333	(22,808)
Loss from Disposition of Assets	<u>-</u>	<u>33,376</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 187,837</u>	<u>\$ 518,194</u>

The accompanying notes are an integral part of these financial statements

**PERMIAN BASIN PUBLIC TELECOMMUNICATIONS, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 1: OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Permian Basin Public Telecommunications, Inc. (“KPBT”) is a non-profit, was formed on July 19, 2005 for the purpose of providing quality programs and services which advance education and culture and through the building of public television into a broadcast and community service leader in the Permian Basin. The Organization is recognized as exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and is also exempt from Texas franchise tax and sales and use tax as a 501(c) (3) organization.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The primary source of funding to the Organization is through grant awards from the Corporation for Public Broadcasting (CPB).

Basis of Reporting

The financial statements of the Permian Basin Public Telecommunications, Inc. have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the readers.

Basis of Presentation

The organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for NFPs. The significant accounting and reporting policies used by the organization are described subsequently to enhance the useful and understandability of the financial statements.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

- **Net Assets Without Donor Restrictions**

Net Assets without donor restrictions are resources available to support operations. The only limits on the use of donor restrictions are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into on the course of its operations.

**PERMIAN BASIN PUBLIC TELECOMMUNICATIONS, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- **Net Assets With Donor Restrictions**

Net Assets with Donor Restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The Organization's unspent contributions are classified in this class if the donor limited their use, as are the unspent appreciation of its donor-restricted endowment funds.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from the net assets with donor restrictions to net assets without restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as donor restricted until the specified asset is placed in service by the organization, unless the donor provides more specific directions about the period of its use.

Some net assets with donor restrictions are resources whose use by the organization is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. The portion of the organization's donor-restricted endowment funds that must be maintained in perpetuity are classified in this net asset class, as is the organization's beneficial interest in a perpetual charitable trust held by a bank trustee. All are reported as Net Assets With Donor Restrictions.

All revenue and net gains are reported as increase in Net Assets Without Donor Restrictions in the statement of activities unless the use of the related resources is subject to donor restrictions. All expenses and net losses other than losses on endowment investments are reported as decreases in without donor restrictions net assets. Net losses on endowment investments reduce without donor restrictions net assets to the extent that net gains of the fund from prior years are unspent and classified there; remaining losses classified as decreases in without donor restrictions net assets. If an endowment fund has no net gains from prior years, such as when a fund is newly established, net losses are classified as decrease in without donor restrictions.

Fair Value

Cash, cash equivalents; the carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those investments.

Cash and Cash Equivalents

For purposes of the statement of cash flows, KPBT considers demand deposits and money market accounts to be cash equivalents.

Property and Equipment

Property and Equipment are recorded at historical cost or in the case of donated property, at the estimated value on the date donated. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. The estimated useful lives of the assets range from three to thirty years. Expenses for repairs and maintenance are charged to operating expense as incurred.

PERMIAN BASIN PUBLIC TELECOMMUNICATIONS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Accounts Receivable

The KPBT uses the direct write-off method to account for bad debts. The Board considers the accounts to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Revenue Recognition for Contributions

The Organization receives contributions to support operating activities, endowments and capital projects. The Organization records contributions and deferred support received as without donor restrictions or with donor restrictions support depending on the nature of any restrictions made by the donor. Contributions include gifts of cash and promises to give. Contributions of securities and property to the Organization are recorded at fair market value at the date of the gift. The Organization records unconditional promises to give (pledges) as receivables and contributions within the appropriate net asset category based on the existence or absence of a donor stipulation. A donor stipulation (donors include other types of contributors, including makers of certain grants) represents a barrier that must be overcome before the recipient is entitled to the assets transferred or promised. Failure to overcome the barrier gives the contributor a right of return of the assets it has transferred or gives the promisor a right of release from its obligation to transfer its assets. The Organization does not recognize contributions with donor stipulations until the barrier has been overcome.

Restricted contributions are reported as restricted support in the period received and are then reclassified to net assets without donor restrictions upon satisfaction of the donor-imposed restriction. Donor-restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions in the accompanying financial statements.

In-Kind Contributions

In-Kind Contributions are recorded as revenue and expense in the statement of activities at estimated fair value.

Income Taxes

KPBT is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code.

Management is required to evaluate the tax positions taken by the Organization and recognize a tax liability if the organization has taken an uncertain tax position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions of the Organization and has concluded that as of August 31, 2022, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization Forms 990, are subject to examination by the IRS, generally for the three years after they were filed. Management believes it is no longer subject to income tax examination for years prior to 2019.

PERMIAN BASIN PUBLIC TELECOMMUNICATIONS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. They also affect the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Comparative Financial Information

The 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 presentation in conformity with generally accepted accounting principles in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended August 31, 2021, from which the summarized information was derived and it is not intended to be a complete financial statement presentation.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") and International Accounting Standards Board (IASB) issued Accounting Standard Update ("ASU") 2014-09, Revenue from Contracts with Customers (Topic 606). This standard implements a single framework for recognition of all revenue earned from customers. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services by allocating transaction price to identified performance obligations and recognizing revenue as performance obligations are satisfied. Qualitative and quantitative disclosures are required to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The guidance is effective for the Organization in fiscal year 2020. The Organization implemented ASU 2014-09 in 2020 using the modified retrospective method. The Organization used all of the practical expedients included in ASC 606-10-65-1(f). The adoption of ASU 2014-09 did not have a material impact on the Organization's financial position, activities, net assets or cash flows as of the adoption date or for the year ended June 30, 2020 and 2019. The adoption did not result in a restatement of previously reported net assets for the year ended June 30, 2019.

In August 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-15, Statement of Cash Flows (Topic 320): (Classification of Certain Cash Receipts and Cash Payments). This standard applies to all entities including both business entities and not-for-profit entities that are required to present a statement of cash flows. The standard provides guidance on specific cash flow issues including: debt prepayment or extinguishment costs, settlement of zero-coupon debt instruments, contingent consideration payments after a business combination, proceeds from the settlement of insurance claims, proceeds from the settlement of corporate owned life insurance policies, distributions received from equity method investees,

PERMIAN BASIN PUBLIC TELECOMMUNICATIONS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

beneficial interests in securitization transactions, and separately identifiable cash flows and application of the predominance principle. The amendments are applicable for fiscal years beginning after December 15, 2018. The Organization adopted ASU 2016-15 during the fiscal year ended June 30, 2020, and there was no significant impact on the financial statements.

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2018-08, (Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made). This standard applies to all entities, including business entities, which receive or make contributions of cash and other assets, including promises to give. These standard assists not-for-profit entities in determining whether to account for grants as revenue for providing goods or services or as a contribution. Under this standard, not-for-profit entities are more likely to classify funds from governmental grants as contributions than under prior US GAAP. This standard also clarifies whether a contribution is conditional or unconditional. For contributions received, the standard is applicable for annual periods beginning after June 15, 2018 for public companies (including certain not-for-profits entities) and annual periods beginning after December 15, 2018 for all other entities. For contributions made, the standard is applicable for annual periods beginning after December 15, 2018 for public companies (including certain not-for-profits entities) and annual periods beginning after December 15, 2019. The Organization adopted ASU 2016-15 during the fiscal year ended June 30, 2020, and there was no significant effect on the financial statements of the Organization

The FASB finalized the standard on leases in ASU 2016-02 Leases in February 2016. This update was to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The core principle is that the lessee should recognize the assets and liabilities that arise from leases. All leases create an asset and a liability for the lessee and therefore recognition of those lease assets and lease liabilities represent an improvement over previous GAAP. Under the guidance a lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the lease term. Additional guidelines for finance leases, operating leases and lessors are included in the guidance. The amendments under ASU 2020-05 defer the effective date for one year for entities in the “all other” category and public NFP entities that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of Leases. Therefore, under the amendments, the standard is effective for entities within the “all other” category for fiscal years beginning after December 15, 2022.

**PERMIAN BASIN PUBLIC TELECOMMUNICATIONS, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Membership dues and program fees

Membership dues and program fees consist of amounts that families and individuals pay to participate in the Organization's activities and programs. Members join for one year at a time. Members pay a one-time amount in advance or incur monthly payments. Memberships are at varying levels and provide free access to PBS' streaming service, Passport, as well as other perks including facility rental discounts, educational program discounts, and invitations or tickets for special events. The Organization offers a variety of educational programming for both adults and youth. Cancellation provisions vary by program, but most transactions are cancellable upon management discretion. Refunds may be available for services not provided. Membership dues and program fees are recognized upon receipt due to high membership turnover and all terms shorter than one year. Membership dues and program fees paid to the Organization in advance are recorded as other receivables.

Special Events

Special events revenue occurs from various fundraisers as well as a yearly fundraising event consisting of live music, food, and games.

NOTE 3: DONATED LONG-LIVED ASSETS

On September 1, 2005, KPBT assumed operation of the previously owned and operated KOCV-TV, a public television station, from Ector County Independent School District. Transfer of the station ownership to KPBT took place upon the transfer of the FCC license to KPBT. This transfer was effective on September 1, 2005, and was formally approved by the FCC on November 22, 2005. In conjunction with the station ownership, station programming and production equipment was transferred KPBT as well. This transfer of assets is recorded as a contribution in the statement of activities. Gifts of assets are reported as without donor restrictions support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are reported as with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of with donor restrictions are reported when the donated assets or acquired long-lived assets are placed in service.

In the case of the donated assets to KPBT, there were no with donor restrictions and it is therefore reported as without donor restrictions support in the accompanying statements of activities.

PERMIAN BASIN PUBLIC TELECOMMUNICATIONS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 4: CORPORATION FOR PUBLIC BROADCASTING GRANTS

The Corporation for Public Broadcasting is a private, nonprofit grant making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual community service grants and other grants to qualifying public broadcasting entities. Community service grants are used to augment the financial resources of public broadcasting entities and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each community service grant may be expended over one or two federal fiscal years. According to Communications Act, funds may be used at the discretion of recipients for purposes relating primarily to production and acquisition of programming. Certain general provisions must be satisfied in connection with application for and use of the grants to maintain eligibility and meet compliance requirements. These general provisions pertain to the use of grant funds, record keeping, audits, financial reporting, mailing lists, and licensee status with the Federal Communications Commission.

The with donor restriction grants are reported on the accompanying financial statements as increases in with donor restrictions net assets until satisfaction of the time and purpose restrictions, after which they are reported as a release from with donor restrictions net assets and an increase in without donor restriction net assets.

NOTE 5: SUBSEQUENT EVENTS

The Organization has evaluated events subsequent to the date of the statement of net assets (August 31, 2022) through December 19, 2022 the date these financial statements were suitable to be issued.

**PERMIAN BASIN PUBLIC TELECOMMUNICATIONS, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 6: PROPERTY AND EQUIPMENT

Property and equipment at August 31, 2022 consisted of the following:

Building	\$ 125,145
Renovations	3,036,138
Furniture & Fixture	58,240
Broadcast Equipment	2,041,854
Office Equipment	147,702
Production Equipment	<u>418,486</u>
Total	5,827,564
Less accumulated	
Depreciation	<u>(1,184,051)</u>
NET	<u>\$ 4,643,513</u>

NOTE 7 - LEASES

KPBT leases tower space under lease agreements classified as operating leases. Lease expense recognized in 2022 under these agreements was approximately \$87,460. A new lease agreement was entered on March 19, 2018 with Subcarrier Communications. Future minimum lease payments required under these agreements are as follows:

	Subcarrier Communications
2023	\$ 89,210
2024	90,994
2024	92,814
Thereafter	<u>239,993</u>
	<u>\$ 513,011</u>

**PERMIAN BASIN PUBLIC TELECOMMUNICATIONS, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 – LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date.

Comprise the following:

Cash	\$ 1,722,160
Accounts Receivable	45,354
Prepaid Expenses	<u>48,452</u>
	<u>\$ 1,815,966</u>

NOTE 9: NET ASSETS – WITH DONOR RESTRICTIONS

As of August 31, 2022 net assets with donor restrictions are available for the following purpose:

The American Rescue Act Stabilization Grant, funds are to be used to maintain the Grantee’s public media station’s programming and services impacted by the corona virus and attendant loss of revenues.

	<u>2022</u>
CPB – American Rescue	<u>\$ 207,733</u>
Total	<u>\$ 207,733</u>