



**NORTHEASTERN EDUCATIONAL
TELEVISION OF OHIO, INC.
DBA PBS WESTERN RESERVE**

FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION

For the Years Ended June 30, 2024
(With summarized comparative information for
June 30, 2023)

The background of the lower half of the page is an abstract, grayscale geometric pattern consisting of overlapping, semi-transparent planes and lines, creating a sense of depth and complexity.

SIKICH.COM

**NORTHEASTERN EDUCATIONAL
TELEVISION OF OHIO, INC.
DBA PBS WESTERN RESERVE**

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-20
SUPPLEMENTAL INFORMATION:	
INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION	21
Schedule of Additional Payment Due Under the Terms of the Lockhart Lease	22

4020 Kinross Lakes Parkway, Suite 300
Richfield, OH 44286
330.864.6661

SIKICH.COM

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Northeastern Educational Television of Ohio, Inc.
Dba PBS Western Reserve

Opinion

We have audited the accompanying financial statements of Northeastern Educational Television of Ohio, Inc. dba PBS Western Reserve (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northeastern Educational Television of Ohio, Inc. dba PBS Western Reserve as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Northeastern Educational Television of Ohio, Inc. dba PBS Western Reserve 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.

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 general accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Northeastern Educational Television of Ohio, Inc. dba PBS Western Reserve's ability to continue as a going concern within 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Northeastern Educational Television of Ohio, Inc. dba PBS Western Reserve'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 Northeastern Educational Television of Ohio, Inc. dba PBS Western Reserve'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.

Report on Summarized Comparative Information

Sikich LLP previously audited the Northeastern Educational Television of Ohio, Inc. dba PBS Western Reserve's 2023 financial statements and expressed an unmodified opinion on those financial statements in a report dated October 26, 2023. Effective as of April 30, 2024, Sikich LLP reorganized and transferred its attest practice to Sikich CPA LLC, a Virginia limited liability company. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Sikich CPA LLC

Richfield, Ohio
October 24, 2024

NORTHEASTERN EDUCATION TELEVISION OF OHIO, INC.
DBA PBS WESTERN RESERVE

STATEMENT OF FINANCIAL POSITION

June 30, 2024

(with summarized comparative financial information as of June 30, 2023)

ASSETS	2024	2023
Cash and cash equivalents	\$ 1,842,548	\$ 1,451,618
Contributions receivable, net	135,491	233,741
Grants receivable	137,945	-
Rental income receivable	102,149	153,012
Prepays	64,718	43,775
Other assets	1,010	1,010
Operating right-of-use asset, net	117,126	160,845
Beneficial interest held at foundation	2,179,595	2,005,583
Property and equipment, net	3,952,527	4,662,286
	<u>8,533,109</u>	<u>8,711,870</u>
TOTAL ASSETS	\$ 8,533,109	\$ 8,711,870
 LIABILITIES AND NET ASSETS		
 LIABILITIES		
Accounts payable	\$ 135,307	\$ 142,359
Accrued expenses	30,955	61,588
Operating lease liabilities	117,126	160,845
Deferred revenue	220,134	220,134
	<u>503,522</u>	<u>584,926</u>
Total liabilities	503,522	584,926
 NET ASSETS		
Without donor restrictions	7,949,188	8,054,835
With donor restrictions	80,399	72,109
	<u>8,029,587</u>	<u>8,126,944</u>
Total net assets	8,029,587	8,126,944
	<u>8,533,109</u>	<u>8,711,870</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 8,533,109	\$ 8,711,870

NORTHEASTERN EDUCATION TELEVISION OF OHIO, INC.
DBA PBS WESTERN RESERVE

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2024

(with summarized comparative financial information for the year ended June 30, 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUE AND SUPPORT				
Ohio BEMC - General grant	\$ 312,534	\$ -	\$ 312,534	\$ 312,565
Ohio BEMC - Education grant	162,059	-	162,059	167,394
ODE EdTech - Education grant	225,028	-	225,028	225,028
Membership and individual contributions	1,896,991	-	1,896,991	2,098,624
Underwriting income and public support	388,721	80,399	469,120	321,892
Rental income	497,698	-	497,698	505,970
Channel sharing revenue	360,000	-	360,000	510,000
Ohio Ready to Learn grant	-	-	-	58,918
Ohio 360 grant	256,014	-	256,014	144,421
Corporation for Public Broadcasting grant	1,146,051	-	1,146,051	1,064,827
Education Grants	83,956	-	83,956	286,080
Other income	12,017	-	12,017	35,093
In-kind broadcast services	963,754	-	963,754	831,102
Net assets released from restrictions	<u>72,109</u>	<u>(72,109)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>6,376,932</u>	<u>8,290</u>	<u>6,385,222</u>	<u>6,561,914</u>
EXPENSES				
Broadcasting	1,972,081	-	1,972,081	2,007,391
Educational services	279,490	-	279,490	360,679
PTV programming	2,004,230	-	2,004,230	1,894,946
Communications	<u>687,869</u>	<u>-</u>	<u>687,869</u>	<u>621,224</u>
Total program services	4,943,670	-	4,943,670	4,884,240
Fundraising and development	937,394	-	937,394	841,239
General and administrative	<u>775,527</u>	<u>-</u>	<u>775,527</u>	<u>853,939</u>
Total expenses	<u>6,656,591</u>	<u>-</u>	<u>6,656,591</u>	<u>6,579,418</u>
OTHER CHANGES IN NET ASSETS				
Change in beneficial interest in assets held at foundation	<u>174,012</u>	<u>-</u>	<u>174,012</u>	<u>182,129</u>
CHANGE IN NET ASSETS	(105,647)	8,290	(97,357)	164,625
NET ASSETS, BEGINNING OF YEAR	<u>8,054,835</u>	<u>72,109</u>	<u>8,126,944</u>	<u>7,962,319</u>
NET ASSETS, END OF YEAR	<u>\$ 7,949,188</u>	<u>\$ 80,399</u>	<u>\$ 8,029,587</u>	<u>\$ 8,126,944</u>

NORTHEASTERN EDUCATION TELEVISION OF OHIO, INC.
DBA PBS WESTERN RESERVE

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2024

(with summarized comparative information for the year ended June 30, 2023)

	Broadcasting	Educational Services	PTV Programming	Communications	Total Program Services	Fundraising and Development	General and Administrative	Total Supporting Services	2024 Total	2023 Total
OPERATING EXPENSES										
Salaries	\$ 160,279	\$ 134,504	\$ 169,943	\$ 362,922	\$ 827,648	\$ 204,297	\$ 63,170	\$ 267,467	\$ 1,095,115	\$ 1,134,978
Payroll taxes and retirement	31,773	33,462	32,710	40,227	138,172	28,463	16,630	45,093	183,265	168,901
Benefits	27,855	10,650	8,132	36,674	83,311	358	12,934	13,292	96,603	108,522
Bank fees	-	-	-	-	-	61,397	6,868	68,265	68,265	59,622
Dues and fees	6,858	5,407	28,389	5,409	46,063	5,407	30,869	36,276	82,339	56,907
Maintenance and repair	5,549	5,549	5,549	5,546	22,193	5,549	5,549	11,098	33,291	61,246
Outside services and contracts	42,737	50,445	139,227	9,520	241,929	367,758	83,195	450,953	692,882	582,997
Insurance	-	-	-	-	-	-	82,277	82,277	82,277	119,046
Mailing and postage	-	-	-	-	-	67,027	-	67,027	67,027	55,473
Incentive gifts	-	-	-	-	-	102,552	-	102,552	102,552	112,340
Pledge call service	-	-	-	-	-	35,488	-	35,488	35,488	34,002
Professional fees	2,700	480	-	-	3,180	-	123,197	123,197	126,377	121,380
Supplies and office expenses	6,562	8,955	9,376	27,258	52,151	10,885	44,888	55,773	107,924	146,572
Program guide	-	-	-	170,316	170,316	-	-	-	170,316	173,544
Production costs	-	-	1,516,399	-	1,516,399	-	-	-	1,516,399	1,530,341
Building rent	53,936	-	-	-	53,936	-	-	-	53,936	56,824
Travel and conferences	395	6,806	914	6,486	14,601	634	6,652	7,286	21,887	16,024
Utilities	23,960	23,232	23,219	23,218	93,629	23,233	23,233	46,466	140,095	122,372
Equipment removal	2,753	-	-	-	2,753	-	-	-	2,753	15,501
In-kind broadcast services	963,754	-	-	-	963,754	-	-	-	963,754	831,102
Miscellaneous	-	-	-	-	-	24,346	-	24,346	24,346	43,369
Bad debt expense	-	-	-	-	-	-	235,885	235,885	235,885	284,418
Total expenses before depreciation	1,329,111	279,490	1,933,858	687,576	4,230,035	937,394	735,347	1,672,741	5,902,776	5,835,481
DEPRECIATION	642,970	-	70,372	293	713,635	-	40,180	40,180	753,815	743,937
Total functional expenses	\$ 1,972,081	\$ 279,490	\$ 2,004,230	\$ 687,869	\$ 4,943,670	\$ 937,394	\$ 775,527	\$ 1,712,921	\$ 6,656,591	\$ 6,579,418

See accompanying notes to financial statements.

NORTHEASTERN EDUCATION TELEVISION OF OHIO, INC.
DBA PBS WESTERN RESERVE

STATEMENTS OF CASH FLOWS

For the Year Ended June 30, 2023

(with summarized comparative financial information for the year ended June 30, 2022)

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (97,357)	\$ 164,625
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	753,815	743,937
Gain on disposition of assets	4,245	(17,573)
Change in beneficial interest in assets held at foundation	(174,012)	(182,129)
Bad debt expense	235,885	284,418
Changes in operating assets:		
Contributions receivable	98,250	22,984
Grants Receivable	(137,945)	-
Rental income receivable	(185,022)	(361,299)
Other assets and prepaids	(20,943)	(14,316)
Changes in operating liabilities:		
Accounts payable	(7,052)	67,481
Accrued expenses	(30,633)	(84,131)
Deferred revenue	-	(150,686)
Total adjustments	<u>536,588</u>	<u>308,686</u>
Net cash from operating activities	<u>439,231</u>	<u>473,311</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	11,525	19,500
Purchase of property and equipment	(59,826)	(200,501)
Contributions to beneficial interest	-	(177,000)
Net cash from investing activities	<u>(48,301)</u>	<u>(358,001)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	390,930	115,310
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,451,618</u>	<u>1,336,308</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,842,548</u>	<u>\$ 1,451,618</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Non-cash investing activities:		
Addition of Operating right-of-use asset and liabilities upon adoption of ASC 842	<u>\$ -</u>	<u>\$ 160,845</u>

**NORTHEASTERN EDUCATIONAL TELEVISION OF OHIO, INC.
DBA PBS WESTERN RESERVE**

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2024

(with summarized comparative financial information for the year ended June 30, 2023)

1. NATURE OF OPERATIONS

Nature of Activities – Northeastern Educational Television of Ohio, Inc. dba PBS Western Reserve (the Organization) was incorporated in July 1971 as a nonprofit corporation exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is a consortium of the University of Akron, Kent State University and Youngstown State University (the Consortium). The Organization operates two public television stations, WNEO, Channel 45 and WEAO, Channel 49.

Broadcasting: The organization is the owner and operator of two full-power educational “set-aside,” noncommercial broadcast television channels (WNEO and WEAO) and one translator channel (W13 DP-D), all licensed by the Federal Communications Commission. WNEO is licensed to the city of Alliance and serves the Youngstown designated television market. WEAO is licensed to the city of Akron and serves the Cleveland/Akron/Canton designated television market. W13 DP-D is a translator license and serves areas of Mahoning Valley that cannot receive WNEO. The organization also owns and operates two broadcast towers and 4 higher frequency Educational Broadband Service (EBS—formerly known as Instructional Television Fixed Service or ITFS) channels in Youngstown market and co-owns with Akron Public Schools 4 EBS channels in Akron.

Educational Services: The Educational Services Department, funded in large part by the Ohio Department of Education, serves K-12 students and educators in 10 Ohio counties. Since 1973, Educational Services has been training teachers to use the latest educational technologies in their classrooms. Teachers also use the station’s instructional television programming, locally produced multimedia curriculum projects and in-school technology and consultation services. PBS Western Reserve is part of the statewide network of educational technology agencies that provide collaborative training to all educators across the state.

PTV Programming: For its broadcast service, the organization offers three separately programmed 24/7 noncommercial television channels: 1. A high-definition broadcast service that mainly consist of programming provided by the Public Broadcasting Service (PBS) 2. Fusion, which is a standard definition service that has an 8-hour block of programming provided by the Ohio Government Channel; an 8-hour block of programming provided by the Classic Arts Channel; and another 8 hours of programming that is mostly a mix of PBS, syndicated and local/regional programming. All three channels offer a wide range of programs on subjects including science and nature; drama, art and music; how-tos, travel and adventure; history and biography; and news and public affairs.

Communications: The Organization extends their brand through strategic partnerships. They collaborate with other community entities through local events, reciprocal agreements and other types of support. The Organization’s program guide, The Alternative, circulates to members monthly, while our Monday morning e-blast, The Prompter, is sent and highlights programming for the week.

NORTHEASTERN EDUCATIONAL TELEVISION OF OHIO, INC.
DBA PBS WESTERN RESERVE

NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended June 30, 2024

(with summarized comparative financial information for the year ended June 30, 2023)

2. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

Basis of Presentation – The financial statements have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America (GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions are for general operations and board-designated net assets of the Organization and are not subject to donor-imposed restrictions. These net assets of the Organization may be used at the discretion of management to support the Organization's purposes and operations.

Net Assets With Donor Restrictions are subject to stipulations imposed by donors and grantors. Some donor restrictions are for actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents – The Organization considers all short-term liquid investments with maturities, when purchased, of 90 days or less to be cash equivalents.

Concentration of Credit Risk – The Organization maintains cash and cash equivalents in accounts with financial institutions which, at times, may exceed federally insured limits and at June 30, 2024 and 2023, these deposits totaled \$1,128,608 and \$1,004,169, respectively. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

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

Rental Income Receivables – Rental income receivables are stated at the amount management expects to collect from balances outstanding at year end. The potential risk is limited to the amounts recorded in the financial statements. Receivables are considered past due based on various contractual terms. Management provides for probable uncollectible amounts through a provision for doubtful accounts and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of June 30, 2024 and 2023, the Organization had no allowance for rental income receivable.

**NORTHEASTERN EDUCATIONAL TELEVISION OF OHIO, INC.
DBA PBS WESTERN RESERVE**

NOTES TO FINANCIAL STATEMENTS, Continued

For the Year Ended June 30, 2024

(with summarized comparative financial information for the year ended June 30, 2023)

2. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES, (Continued)

Grants Receivable - Grants receivable are stated at the amount management expects to collect from balances outstanding at year end. The Organization uses the allowance method to determine uncollectible grants receivable. The allowance is based on historical experience and management's analysis of specific grants. As of June 30, 2024 and 2023, the Organization deemed an allowance for contributions receivable not necessary.. All grants receivable balances are due within 1 year.

Contributions Receivable – Contributions receivable are stated at the amount management expects to collect from balances outstanding at year end. The Organization uses the allowance method to determine uncollectible contributions receivable. The allowance is based on historical experience and management's analysis of specific promises made. As of June 30, 2024, the Organization deemed an allowance for contributions receivable not necessary. As of June 30, 2023, the Organization had an allowance for contributions receivable of \$190,187. All contributions receivable balances are due within 1 year.

Property and Equipment – Acquisitions of property and equipment and expenditures for repairs, maintenance, and betterments in excess of \$1,000 that materially prolong the useful lives of assets are capitalized. Property and equipment are depreciated utilizing the straight-line method over the estimated useful lives. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. When property is retired or otherwise disposed of, the cost of property and accumulated depreciation are eliminated from the accounts in the year of disposal and the resulting gains or losses are charged or credited to operations for the period. Assets are depreciated based on the following estimated useful lives:

Buildings	7 – 30 years
Furniture and fixtures	3 – 10 years
Machinery and equipment	3 – 20 years
Intangible assets	5 – 7 years

Rental Income – Rental income is recognized by the Organization ratably over the rental period as tower services are rendered to the third parties.

Support and Revenue Recognition – Contributions, grants, underwriting and public support and membership income are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Grants and contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire in the fiscal year in which the grants and contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restriction. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction. Conditional promises to give are recognized only when the barriers are overcome and the promises become unconditional. There are no conditional grants as of June 30, 2024 and 2023.

**NORTHEASTERN EDUCATIONAL TELEVISION OF OHIO, INC.
DBA PBS WESTERN RESERVE**

**NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended June 30, 2024**

(with summarized comparative financial information for the year ended June 30, 2023)

2. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES, (Continued)

Membership and individual contributions are nonrefundable and are comprised of a contribution and exchange element. The exchange element is deemed to be insignificant and therefore memberships are considered contributions and are recognized immediately.

The Organization records the following exchange transaction revenue in its statements of activities and changes in net assets for the years ending June 30, 2024 and 2023:

Channel Sharing Income – The Organization has a nonrefundable channel sharing agreement with a third party in which it shares the WEAO broadcast channel for an agreed upon price. Revenue is billed and paid once a year and revenue is recognized ratably over time over the course of the year as that is how the channel share is provided to the third party.

Deferred revenue consists of channel sharing income and is recognized as deferred revenue at the time of receipt and recognized as revenue over the life of the annual agreement.

There are no significant judgements involved in the recognition of the channel sharing income.

Various economic factors, such as unforeseen circumstance that would result in the Organization not being able to operate their channels, could affect the recognition of revenue and cash flows.

In-Kind Contributions and Services – Contributed services are recognized as revenues at their estimated fair value only when they create or enhance nonfinancial assets, or they require specialized skills which would need to be purchased if they were not donated. In-kind contributions and services consist primarily of technical and program services donated by the Ohio Broadcast Educational Media Commission (Ohio BEMC), the State of Ohio and certain broadcast-related activities donated by private sources. The Organization received in-kind services as noted above in the amount of \$963,754 in 2024 and \$831,102 in 2023. The Organization values the technical and program services at the fair value prices which are established based on a percentage of operating budget of Ohio BEMC. The in-kind services are utilized in the Organization's programs. Contributed nonfinancial assets did not have donor-imposed restrictions.

Functional Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated between program services, supporting services, and fundraising expenses. Salaries, payroll taxes and retirement and benefits are allocated on the basis of estimated time and effort. All other expenses are charged directly to the functional category in which they relate at the time the expense is incurred.

Tax Status – The Organization is a nonprofit organization exempt from federal income taxes under the current provisions of Internal Revenue Code Section 501(c)(3). Accordingly, the Organization has not recorded provisions for federal and state income taxes. The Organization is not classified as a private foundation.

**NORTHEASTERN EDUCATIONAL TELEVISION OF OHIO, INC.
DBA PBS WESTERN RESERVE**

NOTES TO FINANCIAL STATEMENTS, Continued

For the Year Ended June 30, 2024

(with summarized comparative financial information for the year ended June 30, 2023)

2. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES, (Continued)

The Organization follows guidance issued by the Financial Accounting Standards Board (FASB) on accounting for income taxes and has evaluated its tax positions, expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings, and believes that no provision for income taxes is necessary to cover any uncertain tax positions. The Organization's return for tax years 2020 and later remain subject to examination by taxing authorities.

Use of Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Leases - The Organization determines whether an arrangement is a lease at the inception of the arrangement based on the terms and conditions in the contract. A contract contains a lease if there is an identified asset, and the Organization has the right to control the asset. Operating leases are included in operating lease ROU assets and operating lease liabilities on the statement of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The Organization utilizes the risk-free rate in determining the present value of lease payments unless the implicit rate is readily determinable. The risk-free rate is based on the constant maturity treasury rate that is published by the U.S. Department of the Treasury.

Lease terms include options to extend the lease when it is reasonably certain those options will be exercised. Operating lease expense is recognized on a straight-line basis over the lease term.

The Organization has lease agreements with lease and non-lease components, which are generally accounted for as a single lease component for all asset classes. For arrangements accounted for as a single lease component, there may be variability in future lease payments as the amount of the non-lease component is typically revised from one period to the next. These variable lease payments, which are primarily comprised of real estate taxes that are passed on from the lessor, are recognized in operating expenses in the period in which the obligation for those payments was incurred.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

**NORTHEASTERN EDUCATIONAL TELEVISION OF OHIO, INC.
DBA PBS WESTERN RESERVE**

**NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended June 30, 2024**

(with summarized comparative financial information for the year ended June 30, 2023)

2. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES, (Continued)

Subsequent Events – Management has evaluated subsequent events and transactions for potential recognition or disclosure through October 24, 2024, the date the financial statements were available to be issued, and determined that there were no significant non-recognized subsequent events through that date.

3. LIQUIDITY

The following represents the Organization’s financial assets available for operating expenses and capital expenditures on fixed assets within one year of the statement of financial position date at June 30:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,842,548	\$ 1,451,618
Contributions receivable, net	135,491	233,741
Grants receivable	137,945	-
Rental income receivable	<u>102,149</u>	<u>153,012</u>
 Total financial assets	 <u>2,218,133</u>	 <u>1,838,371</u>
 Less: Financial assets held to meet donor imposed restrictions	 <u>80,399</u>	 <u>72,109</u>
 Total financial assets liquid within one year	 <u>\$ 2,137,734</u>	 <u>\$ 1,766,262</u>

Based on the above financial assets and the Organization’s \$150,000 line of credit available as described in Note 5, the Organization has the resources to meet cash flow needs. In addition, the Organization will continue to receive operating revenues for the 2024 fiscal year.

NORTHEASTERN EDUCATIONAL TELEVISION OF OHIO, INC.
DBA PBS WESTERN RESERVE

NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended June 30, 2024

(with summarized comparative financial information for the year ended June 30, 2023)

4. PROPERTY AND EQUIPMENT

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

	<u>2024</u>	<u>2023</u>
Buildings	\$ 2,097,548	\$ 2,097,548
Furniture and fixtures	80,980	80,980
Machinery and equipment	8,519,644	8,495,637
Intangible assets	54,351	39,363
Construction in progress	<u>-</u>	<u>14,212</u>
	10,752,523	10,727,740
Less: Accumulated depreciation	<u>6,799,996</u>	<u>6,065,454</u>
NET PROPERTY AND EQUIPMENT	<u>\$ 3,952,527</u>	<u>\$ 4,662,286</u>

5. FINANCING ARRANGEMENTS

The Organization has a credit agreement with a bank at a collective maximum borrowing base of \$150,000. The line is due on demand and interest is due monthly at the banks' prime rate (8.50% at June 30, 2024). There was no balance outstanding at June 30, 2024 and 2023. The line is collateralized by all business assets.

6. FAIR VALUE MEASUREMENTS

GAAP establishes a framework for measuring fair value. That framework uses a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. GAAP requires the Organization to maximize the use of observable inputs when measuring fair value. The hierarchy describes three levels of inputs, which are as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Significant unobservable inputs.

**NORTHEASTERN EDUCATIONAL TELEVISION OF OHIO, INC.
DBA PBS WESTERN RESERVE**

**NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended June 30, 2024**

(with summarized comparative financial information for the year ended June 30, 2023)

6. FAIR VALUE MEASUREMENTS, (Continued)

In many cases, a valuation technique used to measure fair value includes inputs from more than one level of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The categorization of an investment within the hierarchy reflects the relative ability to observe the fair value measure and does not necessarily correspond to the perceived risk of that investment.

If an investment that is measured using net asset value (NAV) has a readily determinable fair value (that is, it can be traded at the measurement date at its published NAV), it is included in Level 1 of the hierarchy. Otherwise, investments measured using NAVs are not included in Level 1, 2, or 3, but are separately reported.

The Organization recognizes transfers into and out of levels within the fair value hierarchy at the end of the reporting period. There were no transfers between levels in the years ended June 30, 2024 and 2023.

Valuation Techniques

Following is a description of the valuation techniques used for assets measured at fair value on a recurring basis. There have been no changes to the techniques used during the years ended June 30, 2024 and 2023.

Beneficial Interests in Assets Held at Foundation – Valued using the fair value of the assets held. The Organization considers the measurement of its beneficial interest in assets held at foundations to be a Level 3 measurement within the hierarchy because even though that measurement is based on the fair value of assets reported by the trustee, the Organization does not have the ability to direct the trustee to redeem them.

The following table sets forth by level, within the fair value hierarchy, the Organization’s assets at fair value as of June 30:

	<u>2024</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Beneficial interest in assets held at foundation	\$ -	\$ -	\$ 2,179,595	\$ 2,179,595
Total assets				<u>\$ 2,179,595</u>

**NORTHEASTERN EDUCATIONAL TELEVISION OF OHIO, INC.
DBA PBS WESTERN RESERVE**

**NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended June 30, 2024**

(with summarized comparative financial information for the year ended June 30, 2023)

6. FAIR VALUE MEASUREMENTS, (Continued)

	<u>2023</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Beneficial interest in assets at foundation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,005,583</u>	<u>\$ 2,005,583</u>
Total assets				<u>\$ 2,005,583</u>

Unobservable (Level 3) Inputs

The activity for the beneficial interest in assets held at foundation, which are measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs), are as follows:

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 2,005,583	\$ 1,646,454
Contribution	-	177,000
Change in beneficial interest in assets held at foundations	<u>174,012</u>	<u>182,129</u>
Balance, end of year	<u>\$ 2,179,595</u>	<u>\$ 2,005,583</u>

The change in value of the beneficial interest in the trust is reported on the statement of activities.

**NORTHEASTERN EDUCATIONAL TELEVISION OF OHIO, INC.
DBA PBS WESTERN RESERVE**

**NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended June 30, 2024**

(with summarized comparative financial information for the year ended June 30, 2023)

7. NET ASSETS

Net assets without donor restrictions are available for the following purposes as of June 30:

	<u>2024</u>	<u>2023</u>
Operating surplus	\$ 1,817,066	\$ 1,386,966
Net investment in property and equipment	3,952,527	4,662,286
Board-designated funds functioning as endowment	<u>2,179,595</u>	<u>2,005,583</u>
Total net assets without donor restriction	<u>\$ 7,949,188</u>	<u>\$ 8,054,835</u>

Net Assets with time or purpose donor-imposed restrictions are restricted for the following purposes as of June 30:

	<u>2024</u>	<u>2023</u>
Underwriting	<u>\$ 80,399</u>	<u>\$ 72,109</u>

8. ENDOWMENT

The Organization is the beneficiary of assets held at a foundation which is the PBS Western Reserve Endowment Fund held by the Akron Community Foundation. This fund is an asset of the Organization as it is held by the Akron Community Foundation in a separate fund and was created by the assets of the Organization. This fund was designated by the Board of Directors to function as an endowment and is included as a beneficial interest held at a foundation in the statement of financial position. Income received from these funds are for general operations of the Organization. As required by accounting principles generally accepted in the United States of America, net assets are classified and reported based on the existence or absence of donor-imposed restrictions. Total fair value was \$2,179,595 and \$ 2,005,583 at June 30, 2024 and 2023, respectively.

**NORTHEASTERN EDUCATIONAL TELEVISION OF OHIO, INC.
DBA PBS WESTERN RESERVE**

**NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended June 30, 2024**

(with summarized comparative financial information for the year ended June 30, 2023)

8. ENDOWMENT, (Continued)

Changes in Endowment Net Assets for the Years Ended June 30:

	<u>Without Donor Restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2022	\$ <u>1,646,454</u>	\$ <u>1,646,454</u>
Contributions	177,000	177,000
Change in beneficial assets held By Foundation	<u>182,129</u>	<u>182,129</u>
Endowment net assets, June 30, 2023	<u>2,005,583</u>	<u>2,005,583</u>
Contributions	-	-
Change in beneficial assets held By Foundation	<u>174,012</u>	<u>174,012</u>
Endowment net assets, June 30, 2024	<u>\$ 2,179,595</u>	<u>\$ 2,179,595</u>

Return Objectives and Risk Parameters – The Organization has adopted investment and spending policies for endowment assets based on the policies held at the Akron Community Foundation that attempt to provide a predictable stream of funding for Organization operations and programs.

Strategies Employed for Achieving Objectives – The Organization relies on a total return strategy at the Akron Community Foundation in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

9. RENTAL INCOME

The Organization, as the lessor, leases broadcasting tower space and spectrum to various companies under noncancelable leases through 2030. These agreements typically include provisions for a monthly payment. The carrying value of the underlying leased property is \$3,246,527 as reported within property and equipment on the statement of financial position. Total rental income was \$497,698 and \$ 505,970 in 2024 and 2023, respectively.

**NORTHEASTERN EDUCATIONAL TELEVISION OF OHIO, INC.
DBA PBS WESTERN RESERVE**

**NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended June 30, 2024**

(with summarized comparative financial information for the year ended June 30, 2023)

9. RENTAL INCOME, (Continued)

Future minimum lease commitments and revenues for all non-cancellable operating leases with initial or remaining terms in excess of one year at June 30, 2024, are as follows for each of the year ending June 30:

2025	\$	461,598
2026		465,915
2027		467,818
2028		476,037
2029		476,037
Thereafter		<u>3,160,656</u>
	<u>\$</u>	<u>5,508,061</u>

10. LEASES

The Organization has operating leases for a copier and a land easement previously accounted for under FASB ASC 840. Leases have remaining lease terms of 1 year to 6 years, all of which include options to extend the leases for up to 5 years. Management has determined that renewal options are not reasonably certain to be exercised, and such renewal periods are excluded in the ROU assets.

The components of lease expenses are as follows:

	<u>2024</u>	<u>2023</u>
Operating lease cost	\$ 43,719	\$ 56,824

Other Lease Information

	<u>2024</u>	<u>2023</u>
Supplemental cash flows information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 43,719	\$ 56,824

**NORTHEASTERN EDUCATIONAL TELEVISION OF OHIO, INC.
DBA PBS WESTERN RESERVE**

**NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended June 30, 2024**

(with summarized comparative financial information for the year ended June 30, 2023)

10. LEASES, (Continued)

The following table summarizes the lease-related assets and liabilities recorded in the statements of financial position as of June 30:

	<u>2024</u>	<u>2023</u>
Operating lease right-of-use assets, net	\$ <u>117,126</u>	\$ <u>160,845</u>
Operating lease liabilities	\$ <u>117,126</u>	\$ <u>160,845</u>
Weighted-average remaining lease terms (years)		
Operating leases	5.7	6.7
Weighted-average discount rate		
Operating leases	2.91%	2.91%

The following table provides the maturities of lease liabilities at June 30, 2024:

	<u>Operating</u>
2025	\$ 32,124
2026	20,795
2027	20,990
2028	21,194
2029	18,740
Thereafter	<u>10,919</u>
Total future undiscounted lease payments	124,762
Less: Interest	<u>(7,636)</u>
Present value of lease liabilities	<u>\$ 117,126</u>

11. BENEFIT PLANS

Substantially all full-time employees of the Organization are covered by and are required to contribute to the State Public Employees' Retirement System (PERS), a cost-sharing multiple-employer public employee retirement system administered by the State of Ohio. Employer and employee required contributions to PERS for both retirement benefits and postretirement health care benefits are established by the Ohio Revised Code and are based on percentages of covered employees' gross salaries, which are calculated annually by the fund's actuaries.

**NORTHEASTERN EDUCATIONAL TELEVISION OF OHIO, INC.
DBA PBS WESTERN RESERVE**

**NOTES TO FINANCIAL STATEMENTS, Continued
For the Year Ended June 30, 2024**

(with summarized comparative financial information for the year ended June 30, 2023)

11. BENEFIT PLANS, (Continued)

The current employee total contribution rate is 10.0% of gross salaries and wages and the employer total contribution rate is approximately 14.0% of related gross salaries and wages. The Organization's contribution to PERS amounted to \$69,802 in 2024 and \$151,839 in 2023.

PBS Western Reserve participates as an adopting sponsor of the Greater Akron Chamber of Commerce Multiple Employer 401(k) Plan, effective January 1, 2021. Employees are eligible to make elective deferrals and receive employer matching contributions beginning two months after their hire date. Safe Harbor provisions, effective July 1, 2023, include matching contributions of 100% on employee contributions up to 4% of compensation. Participants are fully vested in their deferral and matching contribution accounts. Employer-match contributions to the plan totaled approximately \$40,814 during 2024

12. CONCENTRATIONS

Revenue from the Organization's largest funding source for the year ended June 30, 2024, and June 30, 2023 totaled \$1,146,051 and \$1,064,827, respectively, which was 17% and 16%, respectively of total funding revenue for each year.

13. COMMUNITY SERVICE GRANTS

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grant making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (Grants) to qualifying public telecommunications entities. The Grants are approved by the U.S. Congress each year and could be reduced in the future.

The Grants are reported in the accompanying financial statements as net assets without donor restrictions; however, certain guidelines must be satisfied in connection with application for and use of the Grants to maintain eligibility and compliance requirements, all of which have been satisfied during the fiscal year. These guidelines pertain to the use of Grant funds, recordkeeping, audits, financial reporting and licensee status with the Federal Communications Commission (FCC).

14. COLLABORATIVE AGREEMENT

The Organization operates under a written collaborative agreement contract with the State of Ohio (the State). The contract shall be for twenty-five years expiring on July 31, 2043, unless either party gives 180 days' notice of its intent to terminate on or before the expiration date. Under the provisions of the agreement, the State provides the Organization with the right to use certain land on which the Organization operates for \$1 in total.

4020 Kinross Lakes Parkway, Suite 300
Richfield, OH 44286
330.864.6661

SIKICH.COM

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

To the Board of Directors of
Northeastern Educational Television of Ohio, Inc.
Dba PBS Western Reserve

We have audited the accompanying financial statements of Northeastern Educational Television of Ohio, Inc. dba PBS Western Reserve (the Organization) as of and for the year ended June 30, 2024, and our report thereon dated October 24, 2024, which expressed an unmodified opinion on those financial statements, appears on pages 1-3. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Additional Payment Due Under the Terms of the Lockhart Lease is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit 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, the information is fairly stated in all material respects in relation to the financial statements as a whole.

SiKich CPA LLC

Richfield, Ohio
October 24, 2024

**NORTHEASTERN EDUCATION TELEVISION OF OHIO, INC.
DBA PBS WESTERN RESERVE**

**SCHEDULE OF ADDITIONAL PAYMENT DUE UNDER THE TERMS OF THE LOCKHART LEASE
For the Year Ended June 30, 2024**

I.	Billable rents of 1989	<u>\$</u>	<u>62,772</u>
II.	Billable rents for 2024	<u>\$</u>	<u>136,455</u>
III.	Difference between Line I and Line II	<u>\$</u>	<u>73,683</u>
IV.	35% of Line III	<u>\$</u>	<u>25,789</u>
	Additional payment due under the Lockhart Lease	<u>\$</u>	<u>25,789</u>