



Financial Statements
June 30, 2021

Northwest Public Broadcasting
Comprised of Northwest Public Radio,
Northwest Public Television
(KWSU/KTNW), KUGR Radio & Cable 8
TV

(A Public Telecommunication System Operated by Washington
State University)

Northwest Public Broadcasting Comprised of Northwest Public Radio, Northwest
Public Television (KWSU/KTNW), KUGR Radio & Cable 8 TV
(A Public Communications System Operated by Washington State University)

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Independent Auditor's Report

Kirk Schultz, President
Washington State University
Pullman, Washington

Report on the Financial Statements

We have audited the accompanying financial statements of Northwest Public Broadcasting, comprised of Northwest Public Radio, Northwest Public Television (KWSU/KTNW), KUGR Radio & Cable 8 TV (a public telecommunications system operated by Washington State University) (NWPB), a department of Washington State University, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise NWPB's basic financial statements as listed in the table of contents.

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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 risks 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 above present fairly, in all material respects, the respective financial position of Northwest Public Broadcasting, comprised of Northwest Public Radio, Northwest Public Television (KWSU/KTNW), KUGR Radio & Cable 8 TV (a public telecommunications system operated by Washington State University), as of June 30, 2021, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the accompanying financial statements present only Northwest Public Broadcasting, comprised of Northwest Public Radio, Northwest Public Television (KWSU/KTNW), KUGR Radio & Cable 8 TV (a public telecommunications system operated by Washington State University) and do not purport to, and do not, present fairly the financial position of Washington State University as of June 30, 2021, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Correction of an Error

As discussed in Note 9 to the financial statements, management discovered that the accrued leave liability as of June 30, 2020, was calculated incorrectly, and therefore overstated, which resulted in beginning net position to be understated as of June 30, 2020. Accordingly, the net position as of June 30, 2020 has been restated to reflect this correction. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the NWPB's basic financial statements. The schedule of revenues, expenses, and changes in net position on a departmental basis and schedule of functional expenses (supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of management and are derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Boise, Idaho
February 11, 2022

**Northwest Public Broadcasting Comprised of Northwest Public Radio, Northwest
Public Television (KWSU/KTNW), KUGR Radio & Cable 8 TV**
(A Public Communications System Operated by Washington State University)
Management's Discussion and Analysis
June 30, 2021

Introduction

The following discussion and analysis provides an overview of the financial position and operations of Northwest Public Broadcasting (NWPB) for the years ended June 30, 2021 (FY21) and 2020. (FY20) This discussion has been prepared by management and should be read in conjunction with NWPB's financial statements and accompanying notes that follow this section.

NWPB is a noncommercial educational radio and television system licensed to Washington State University (WSU or the University) in Pullman, Washington. The NWPB financial statements include the accounts for its nineteen public radio stations, two public television stations, one student run radio station and one student run television station for which broadcast, budget, accounting, and certain grant purposes are separately identified. NWPB does share facilities and personnel; and is a constituent organizational department of The Edward R. Murrow College of Communication at Washington State University.

NWPB includes Northwest Public Radio and Northwest Public Television (KWSU/KTNW), but also encompasses and contributes to the academic side of the University by hosting the student-run broadcasting stations of KUGR Radio and Cable 8 TV. The vision of NWPB is a "teaching hospital" model that gives students a hands-on role while being mentored and supervised by professionals. NWPB is responsible to the FCC, WSU and our communities for the quality and consistency of the programming while accomplishing our public educational and outreach mission.

These financial statements present only the above-described portion of the activities of WSU and are not intended to represent the financial position, results of operations, or changes in net position of the Murrow College of Communication nor the University taken as a whole. WSU is a public university in the State of Washington, governed by a ten-member Board of Regents appointed by the State Governor. The complete financial statements of WSU are found at <http://genacct.wsu.edu/finstat.html>.

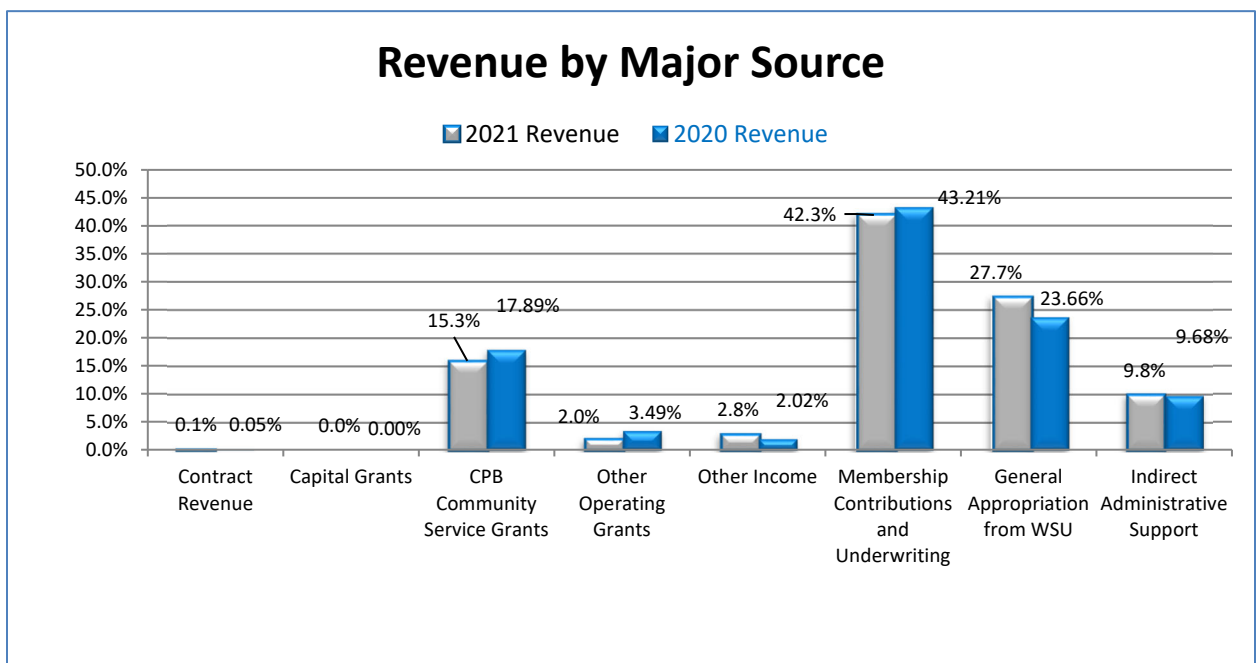
Financial Highlights

NWPB's financial position levels for the current year ending June 30, 2021, showed modest decline from FY20 levels:

- Total net position decreased by \$252 thousand. This was largely due to a change in the University's policy shifting the liability of annual leave payouts to the departments. The University had previously assumed that risk and used holdback of allocated payroll to cover the cost. Also contributing to the decrease was reduced funding through the Corporation for Public Broadcasting (CPB). Operating expenses increased by \$126 thousand due to the shift of benefits liability.
- Current assets were up by \$215 thousand over FY20. Cash carry forward increased by \$40 thousand and all receivables increased by \$111 thousand.
- Noncurrent assets and capital assets decreased by about \$107 thousand due to equipment depreciation and noncurrent pledges receivable.

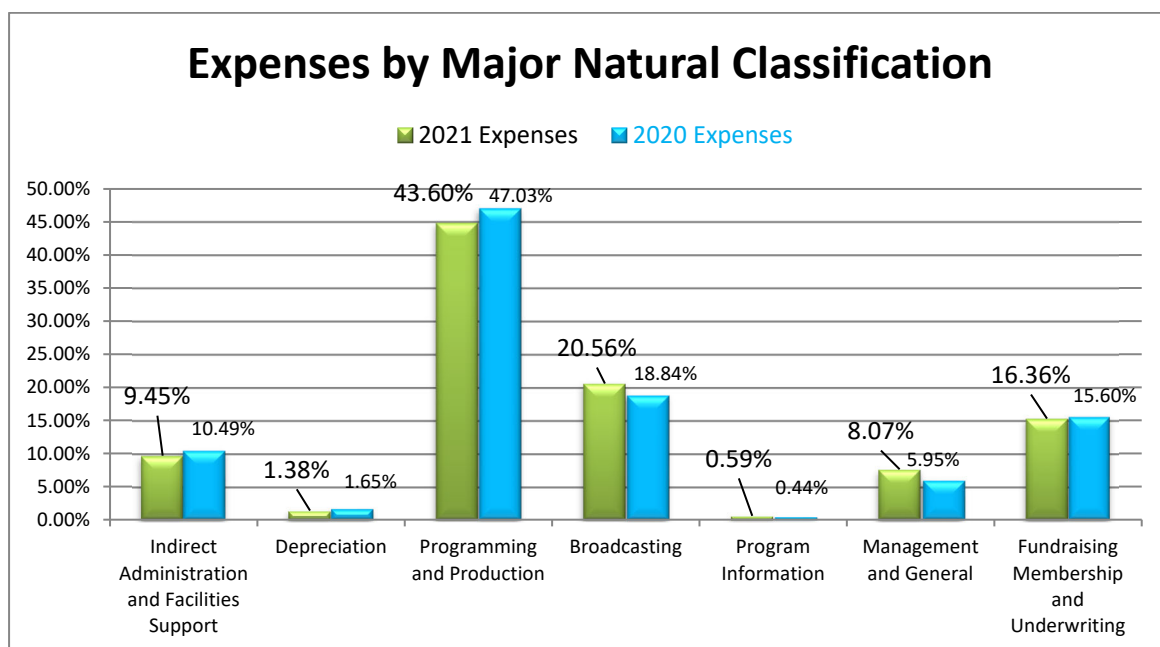
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- Current Liabilities increased by about \$360 thousand, mainly due to increases in accounts payable and the accrued leave liability.
- There is no Long-Term or Short-Term Debt.
- Revenues from all sources totaled \$6,630,092 which was a decrease of \$709 thousand from fiscal year 2020. This decrease is mainly attributed to a decrease in donor contribution and program underwriting including trades of \$498 thousand and the booking of COVID CARES money from the previous fiscal year \$335 thousand.



- Expenses totaled \$6,881,656, representing an increase of \$111 thousand from fiscal year 2020. Programming and production expenses decreased by nearly \$192 thousand as a result of reduced purchases and receiving discounts on programs. There were increased costs in broadcasting of \$135 thousand and management of \$151 thousand.

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Presentation of the Financial Statements

NWPB's financial report includes three primary financial statements: The Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. These financial statements are prepared in accordance with generally accepted accounting principles and focus on the System as a whole.

Condensed Financial Information and Analysis

Financial Position – Statement of Net Position

The Statement of Net Position is a snapshot of NWPB's financial position at year end. It lists the assets (economic resources), liabilities (creditors' claims) and net position (residual interest in assets after paying creditors) based on end-of-year data.

Assets are classified as current, non-current or capital. Current assets are expected to benefit NWPB within 12 months and include cash, accounts receivable, pre-paid expenses and investments that can easily be converted to cash to meet operating expenses. Non-current assets include licensed program rights, capital equipment with a cost exceeding \$5,000 and having a useful life exceeding one year and items which are small and attractive by the WSU inventory policy (laptop computers and tablets). Capital assets are reported net of accumulated depreciation.

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Liabilities are classified as current or non-current. Current liabilities are claims that are due and payable within 12 months, and include payroll and benefits, amounts payable to suppliers for goods and services received and debt principal payments due within one year. Non-current liabilities are obligations payable beyond one year.

Below is a condensed view of the statements of net position as of June 30, 2021 and 2020:

**Table A-1
Statements of Net Position**

	<u>June 30, 2021</u>	<u>Restated June 30, 2020</u>
Assets		
Current assets	\$ 3,110,527	\$ 2,895,592
Capital assets	329,170	364,180
Noncurrent assets	<u>452,439</u>	<u>524,022</u>
Total assets	<u>\$ 3,892,136</u>	<u>\$ 3,783,794</u>
Liabilities		
Current liabilities	<u>\$ 727,387</u>	<u>\$ 367,481</u>
Total liabilities	<u>727,387</u>	<u>367,481</u>
Net Position		
Investment in capital assets	329,170	364,180
Restricted	77,077	81,141
Unrestricted	<u>2,758,502</u>	<u>2,970,992</u>
Total net position	<u>3,164,749</u>	<u>3,416,313</u>
Total liabilities and net position	<u>\$ 3,892,136</u>	<u>\$ 3,783,794</u>

Statements of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position report NWPB's results of operations. In accordance with GASB reporting principles, revenues and expenses are classified as operating, non-operating or other.

In general, operating revenues are those received in the form of Community Service grants funded by the Corporation for Public Broadcasting, as well as miscellaneous sales of goods and services. Operating expenses are those costs incurred to provide the staffing, maintenance, and equipment necessary to deliver public radio and television programming to the citizens of the State of Washington and portions of Idaho, Oregon, and British Columbia.

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Nonoperating revenues are monies received for which goods and services are not provided. These funds include those provided by direct allocation from Washington State University in furtherance of the University's mission, as well as contributions made by individual and business donors to sponsor public broadcasting activities.

NWPB had a non-operating revenue decrease in 2021 by \$ 318 thousand over 2020 levels. These revenues are generated by allocations and donated facilities from WSU, capital grants and contributions. General appropriations from WSU increased by \$97 thousand, indirect contributions; which are calculated as a percentage of expenses for the fiscal year, decreased by \$43 thousand. Contributions were down by \$372 thousand over FY20, a reduction due in part to the impact of the COVID pandemic and decreased emphasis on underwriting trades.

Following is a condensed view of the Statements of Revenues, Expenses, and Changes in Net Assets for the fiscal years ended June 30, 2021 and 2020:

Table A-2
Statements of Revenues, Expenses, and Changes in Net Position

	<u>June 30, 2021</u>	<u>June 30, 2020*</u>
Operating Revenues	\$ 1,333,840	\$ 1,725,567
Operating Expenses	<u>(6,881,656)</u>	<u>(6,770,812)</u>
Loss from Operations	(5,547,816)	(5,045,245)
Nonoperating Revenues	<u>5,296,252</u>	<u>5,613,918</u>
Change in Net Position	(251,564)	568,673
Net Position, Beginning of Year	3,267,864	-
Restatement	<u>148,449</u>	<u>-</u>
Net Position, Beginning of Year, as Restated	<u>3,416,313</u>	<u>2,699,191</u>
Net Position, End of Year	<u>\$ 3,164,749</u>	<u>\$ 3,267,864</u>

* The revenue and expenses for fiscal year 2020 were not restated to show the effects of the restatement per Note 9.

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Capital Assets

As of June 30, 2021, NWPB had approximately \$8,667,712 invested in capital assets with accumulated depreciation associated with the capital assets of \$8,338,542 for a net investment of \$329,170. See Note 3 to the financial statements for further discussion.

Economic Outlook

NWPB's largest revenue source for the year was donor contributions and underwriting from our communities at 42% of the system's total. It is anticipated this revenue stream will increase growth for several years as the stations rollout a Centennial Campaign in association with KWSU Radio one-hundredth anniversary celebration. Additional support from donors is anticipated as the University kicks off a new fundraising campaign. Underwriting support will continue to decline due to the strained economic situations for businesses, non-profit organizations, and local governments.

Financial and facilities support from WSU constitutes 37% of total revenues. This revenue source may also be impacted in the next few years as the University struggles to maintain funding as state appropriations are cut due to reduced tax revenues. In FY21, University support through state funds allocations was reduced by 7.5% and it is anticipated that support will be reduced by 7.5% from FY21 levels for the next two to three years.

Non-University and non-Corporation for Public Broadcasting (CPB) grants are anticipated to increase in 2022 as management seeks new opportunities for funding from the Federal Communications Commission and larger philanthropic organizations. Local/private production grants are becoming more readily available for online programming initiatives. NWPB is also investigating opportunities for increasing income streams from new production and service contracts with university departments and outside businesses and organizations.

CPB Community Service Grants (CSG) made up 15% of the system's revenue in 2021. These monies are awarded based on congressional legislation/allocation of funding to CPB and a CPB distribution formulation. This formula takes into consideration non-federal matching funds generated by the stations through qualifying revenue streams, especially contributions. CSG funding for 2022 will be increased by \$44 thousand from 2021 levels. However, because of anticipated decreases in station generated matching funds, future years could see a steady decline in Federal dollars if economic conditions at the national level remain the same.

Expenses for the coming year are likely to increase based on inflation along with increased payroll expenses due to salary and benefit adjustments. In addition, NWPB will be hiring to fill vacant positions, including a full-time General Manager, some new positions in the online and content creation areas and an expanded news department. As new equipment is acquired and integrated into our operations, maintenance and repair cost will likely stabilize or decrease. Possible expanded staffing in development, membership and underwriting will also add to personnel costs, but the added revenue that these positions produce will more than offset the expense. Program acquisition costs are expected to grow in the coming year as program providers increase membership dues and royalty payments for programs.

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NWPB intends to increase collaboration with the College of Communication and the University to create local programming of interest that will draw in more viewers and listeners and expand the donor member rolls and contributions.

Northwest Public Broadcasting continues to receive accolades from viewers and listeners regarding our program services in this difficult time of public stress over concerns of individual and family health and economic hardship. We are relied upon for factual and steady news and music programming. Despite continuing uncertainty, we receive increasing financial support through new and sustaining memberships. Increased community outreach efforts will increase the stations' exposure in the area and contribute to donor cultivation efforts.

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Statement of Net Position
June 30, 2021

Assets

Current Assets

Cash pooled with WSU	\$ 1,935,990
Accounts receivable	145,630
Contributions/underwriting receivables, less allowance for uncollectable amounts of \$149,933	516,931
Grants and contracts receivable	64,269
Licensed program rights	<u>447,707</u>
Total current assets	<u>3,110,527</u>

Noncurrent Assets

Licensed program rights	302,439
Noncurrent contributions receivables	150,000
Capital assets	
Equipment	8,667,712
Less accumulated depreciation	<u>(8,338,542)</u>
Total capital assets	<u>329,170</u>
Total noncurrent assets	<u>781,609</u>
Total assets	<u>3,892,136</u>

Current Liabilities

Accounts payable	272,269
Accrued payroll	114,520
Accrued leave liability	285,037
Unearned revenue	<u>55,561</u>
Total current liabilities	<u>727,387</u>

Net Position

Investment in capital assets	329,170
Restricted	77,077
Unrestricted	<u>2,758,502</u>
Total net position	<u>\$ 3,164,749</u>

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Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2021

Operating Revenues	
Contract revenue	\$ 9,000
Community service grants from the Corporation for Public Broadcasting	1,015,164
Other operating grants	128,382
Other income	181,294
Total operating revenues	<u>1,333,840</u>
Operating Expenses	
Programming and production	3,000,372
Broadcasting	1,414,562
Program information	40,670
Management and general	555,097
Fundraising and membership development	1,125,630
Indirect administrative and facilities support	650,310
Depreciation	95,015
Total operating expenses	<u>6,881,656</u>
Operating Loss	<u>(5,547,816)</u>
Nonoperating Revenues	
General appropriation from WSU	1,838,552
Donated facilities and administrative support from WSU	650,310
Contributions and underwriting	2,807,390
Total nonoperating revenues	<u>5,296,252</u>
Change In Net Position	(251,564)
Net Position, Beginning of Year, as Restated	<u>3,416,313</u>
Net Position, End of Year	<u><u>\$ 3,164,749</u></u>

Northwest Public Broadcasting Comprised of Northwest Public Radio, Northwest
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Statement of Cash Flows
Year Ended June 30, 2021

Operating Activities	
Cash received from customers	\$ 216,855
Cash received from operating grants and support from the Corporation for Public Broadcasting	1,015,164
Cash paid to suppliers	(2,575,520)
Cash paid for employee salaries, wages, and benefits	(3,264,556)
Net Cash used for Operating Activities	<u>(4,608,057)</u>
Noncapital and Related Financing Activities	
General appropriation from WSU	1,838,552
Contributions and underwriting received	2,869,843
Net Cash from Noncapital and Related Financing Activities	<u>4,708,395</u>
Capital and Related Financing Activities	
Acquisition of equipment	(60,005)
Net Change in Cash	40,333
Cash, Beginning of Year	<u>1,895,657</u>
Cash, End of Year	<u>\$ 1,935,990</u>
Reconciliation of Operating Income to Net Cash	
from Operating Activities	
Operating loss	\$ (5,547,816)
Adjustments to reconcile operating loss to net cash used for operating activities	
Depreciation	95,015
Indirect administrative and facilities support from WSU	650,310
(Increase) Decrease in assets	
Accounts receivable	(110,768)
Grants and contracts receivable	8,947
Licensed program rights	(41,276)
Increase (Decrease) in liabilities	
Accounts payable	179,393
Accrued payroll	1,064
Accrued vacation	157,074
Net Cash used for Operating Activities	<u>\$ (4,608,057)</u>

Northwest Public Broadcasting Comprised of Northwest Public Radio, Northwest
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Notes to Financial Statements
June 30, 2021

Note 1 - Principal Business Activity and Significant Accounting Policies

Nature of Operations

Northwest Public Broadcasting (NWPB) is a noncommercial educational radio and television system licensed to Washington State University (WSU or the University) in Pullman, Washington. Its oldest television station, KWSU, has broadcast since 1962 and is a full member of the Public Broadcasting Service, America's Public Television Stations, and the Washington Educational Network. NWPB's oldest radio station, KWSU, has broadcast since 1922 and is a full member of National Public Radio. NWPB also encompasses from the academic side of the University, the student arm of broadcasting in KUGR Radio and Cable 8 TV.

Financial Reporting Entity

NWPB's financial statements include the accounts of Northwest Public Radio (KWSU- AM/KRFA-FM/KFAE-FM/KNWR-FM/KNWY-FM/KNWO-FM/KNWV-FM/KZAZ-FM/KLWS- FM/KWWS-FM/KNWP-FM/KQWS-FM/KMWS-FM/KSWS-FM/KNWU-FM/KVTI-FM/KHNW-FM/KYVT-FM-/KJEM-FM and student operated radio station KUGR), and Northwest Public TV (KWSU-TV / KTNW-TV and Cable 8 TV), which for broadcast, budget, accounting and certain grant purposes are separately identified. However, they share facilities and personnel and are constituent organizational departments of WSU. The vision of NWPB is to enrich our community by sharing and creating distinctive programs which engage, enlighten, and entertain. Additionally, NWPB educates and trains students with a "teaching hospital" model, which gives them a hands-on role while being mentored and supervised by professionals. NWPB is responsible to the FCC, WSU, and our communities for the quality and consistency of the programming while accomplishing our public educational and outreach mission.

Financial Statement Presentation

The financial statements are presented in accordance with accounting principles generally accepted in the United States of America and follow guidance given by the Governmental Accounting Standards Board (GASB). These financial statements present only a selected portion of the activities of WSU. As such, they are not intended to and do not present the financial position, changes in net position, or cash flows of WSU.

Basis of Accounting

NWPB's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

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Cash Pooled with WSU

Cash on deposit with WSU may include certain investments in highly liquid debt instruments with an original maturity of three months or less. Some cash balances in excess of current requirements are pooled with other WSU funds and commonly invested. Interest income earned on the investment pool is distributed quarterly based on daily cash balances in the various funds. Cash is stated at cost and pooled investments are stated at fair value. Bank deposits are covered by the Federal Deposit Insurance Corporation or by collateral held in multiple financial institution collateral pools administered by the Washington Public Deposit Protection Commission.

Contributions and Underwriting Receivables

NWPB records receivables for membership contributions in the period the contributions are made. NWPB records underwriting receivables as they are recorded per the underwriting agreement. All contributions, program underwriting, and other accounts receivable are unsecured donations. The majority of underwriting receivables are due from underwriters located in Washington. Management determines the allowance for uncollectible accounts using percentages based on historical experience applied to the aging of outstanding accounts. When a contribution is deemed uncollectible, it is generally written off against the donation/revenue during that fiscal year.

Grants and Contracts Receivable

Grants receivable are primarily from granting agencies (NPAN of \$39,000 and FCC TV Relocation of \$18,000) are based upon invoices rendered for services provided; and are unsecured. Historical experience has shown that they are rarely uncollectible. Contract receivables are for tower rentals due.

Capital Assets

Equipment is stated at cost. Consistent with state of Washington policy, NWPB capitalizes equipment that has a cost greater than \$5,000 and an estimated useful life of more than one year as well as items which are small and attractive by the WSU inventory policy. Depreciation is calculated on the straight-line basis over the estimated useful lives of 4 to 15 years depending on the item. Assets acquired using federal grant money are capitalized and depreciated over the estimated useful lives of such assets. Donated capital assets are recorded at acquisition cost at the date of donation. Gains or losses on the sale of property and equipment are included in other income and expense. Expenditures for repairs and maintenance are charged to expense as incurred and do not extend the life of the asset. NWPB received donated equipment valued at \$35,198 for the year ended June 30, 2021.

Accrued Leave Liability

Accumulated vacation, compensatory leave, and sick leave, earned and unused by employees of the NWPB, totaled \$285,037 at June 30, 2021. Changes in the university's leave buyout policy during the year ended June 30, 2021, shifted the liability for paying accrued leave for terminating employees, paid on state funds, to the departments. Permanent NWPB employees are entitled to accrue and accumulate sick leave at the rate of eight hours per month worked. The employee is entitled to either the present value of 25% of his or her unused sick leave balance upon retirement or 25% of his or her net accumulation for the year in which it exceeds 480 hours.

Revenue Recognition

Funds restricted by the donor, granter, or other outside party for particular purposes are deemed to be earned and reported as revenues when NWPB has satisfied all eligibility requirements as defined by GASB. Such amounts received but not yet earned are reported as unearned revenue.

Net Position

NWPB's net position is classified as follows:

Investment in Capital Assets - This represents NWPB's total investment in capital assets net of depreciation. There are no debts outstanding related to them.

Restricted - This represents resources restricted because they are constrained by external parties. Restricted net position includes grant proceeds received but not expended. As of June 30, 2021, restricted net position for radio and TV operations and programming was \$77,077 as of June 30, 2021.

Unrestricted - These represent resources derived from operations and investing activities which are available for use as management requires.

When both restricted and unrestricted resources are available for use, it is NWPB's policy to use restricted resources first, then unrestricted resources as they are needed.

Classification of Revenue, Expenses, and Transfers

NWPB has classified its revenue as either operating or nonoperating according to the following criteria:

Operating Revenue and Expense - Operating revenue and expense includes activities that have the characteristics of exchange transactions, such the proceeds from providing broadcast programming.

Nonoperating Revenue and Expense - Nonoperating revenue and expense includes activities that have the characteristics of nonexchange transactions, such as contributions and general appropriations from WSU.

Administrative Support and Facilities Provided by WSU

Administrative support from WSU consists of allocated institutional and physical plant expense incurred by WSU in support of NWPB. Donated supplies and in-kind services are recorded at their estimated value as revenues and expenses in the period they are received. Donated facilities from WSU consist of office and studio space together with related occupancy costs, and are recorded as revenues and expenses at values determined using the methodology developed by the Corporation for Public Broadcasting (CPS).

Licensed Program Rights Not Yet Broadcast

Costs incurred for the majority of programs not yet broadcast relate to licensed program rights and programs acquired by NWPB that are expected to be broadcast subsequent to year-end.

Economic Dependence

NWPB is dependent upon funding from the Corporation for Public Broadcasting, WSU, underwriters, and contributors.

Allocation of Costs

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Revenues, Expenses, and Changes in Net Assets. Accordingly, certain costs have been allocated between program and supporting services based upon total direct costs or another systematic basis.

Risk Management

WSU participates in a state of Washington risk management self-insurance program. Premiums to the state are based on actuarially determined projections and include allowances for payments of both outstanding and current liabilities. WSU assumes its potential liability and property losses for all properties except for auxiliary enterprise buildings and contents. WSU has elected to self-insure for unemployment compensation for all employees. NWPB does ensure some equipment items located on leased broadcast sites through WSU brokered vendors.

Tax Exemption

As a part of WSU, the operations of NWPB are exempt from federal income tax on related income under the provisions of Section 115(a) of the Internal Revenue Code.

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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 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Grants and Contracts Receivable

Grants and contracts receivable were as follows at June 30, 2021:

Northwest Public Affairs Network	\$	39,238
FCC Translator Repack Reimbursement		17,791
Humanities Washington		7,240
		7,240
	\$	64,269

Note 3 - Capital Assets - Equipment

The following summarizes activity related to equipment as of June 30:

	Balance at June 30, 2020	Additions	Transfers/ Disposals	Balance at June 30, 2021
Equipment	\$ 8,607,707	\$ 60,005	\$ -	\$ 8,667,712
Less: accumulated depreciation	(8,243,527)	(95,015)	-	(8,338,542)
Total	\$ 364,180	\$ (35,010)	\$ -	\$ 329,170

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Equipment includes the following expenditures for broadcasting equipment obtained through grants from the U.S. Department of Commerce's Public Telecommunications Facilities Program:

Year Ending June 30,	
2012	\$ 17,994
Total	\$ 17,994

The federal government has a ten-year priority lien on any property purchased under these grants to assure continued use for public telecommunications. Ten years from the final close out of each grant, NWPB receives complete ownership of the equipment.

Note 4 - Pension Plans

WSU offers four contributory pension plans: the Washington State Public Employees Retirement System (PERS) plan, the Washington State Teachers Retirement System (TRS), the Law Enforcement Officers' and Firefighters' Retirement System (LEOFF), cost sharing multiple-employer defined benefit pension plans administered by the State of Washington Department of Retirement Services, and the Washington State University Retirement Plan (WSURP), a defined contribution pension plan with a supplemental payment to beneficiaries when required. The NWPB has employees in three of these plans: PERS, TRS and WSURP.

For purposes of measuring the net pension liability/asset, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the above plans has been determined on the same basis as reported by Washington Department of Retirement Services (DRS) and the Washington State University Retirement Plan (WSURP).

The NWPB's contribution rates and contributions for the above retirement plans for the year ended June 30, 2021, are as follows:

	2021
PERS	\$ 87,172
TRS	7,611
WSURP	98,093

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PERS	Contribution Rates	
	2021	
	Employee	WSU
Plan 1	6.00%	12.86%
Plan 2	7.90%	12.86%
Plan 3	5% to 15%	12.86%
TRS		
Plan 1	6.00%	15.51%
Plan 2	7.77%	15.51%
Plan 3	5% to 15%	15.51%
WSURP		
Plan 1	5.00%	5.00%
Plan 2	7.50%	7.50%
Plan 3	10.00%	10.00%

An actuarial valuation of the plans for NWPS as an entity is not available. WSU issues a publicly available financial report that includes a pension note and required supplementary information regarding GASB 68.

Since the University's proportionate share is not broken down to the WSU department level, the pension liability, deferred inflows and deferred outflows, and pension expense are not recorded on the NWPS financial statements.

PERS, TRS, and LEOFF

Plan Description

PERS Plan 1 provides retirement and disability benefits and minimum benefit increases beginning at after 30 years of service, at age 60 with five years of service or at age 55 with 25 years of service to eligible nonacademic plan members hired prior to October 1, 1977. PERS Plans 2 and 3 provide retirement and disability benefits and a cost-of-living adjustment to eligible nonacademic plan members hired on or after October 1, 1977. Retirement benefits are vested after five years of eligible service. PERS Plan 3 has a defined contribution component that members may elect to self-direct as established by the Employee Retirement Benefits Board. PERS 3 defined benefit plan benefits are vested after an employee completes five years of eligible service.

TRS 1 provides retirement and disability benefits, a lump-sum death benefit, and minimum benefits increases beginning after 30 years of service, at age 60 with five years of service or at age 55 with 25 years of service to certain eligible faculty hired prior to October 1, 1977. TRS 2 and 3 provide retirement benefits and a cost-of-living adjustment to certain eligible faculty hired on or after October 1, 1977. In addition, TRS 3 has a defined contribution component which is fully funded by employee contributions. Defined benefit plan benefits are vested after an employee completes five years of eligible service.

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The authority to establish and amend benefit provisions resides with the legislature. The Washington State Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for PERS, TRS, and LEOFF. The report may be obtained by writing to the Department of Retirement Systems, PO Box 48380, Olympia, Washington 98504-8380, or online at <http://www.drs.wa.gov/administration>.

Funding Policy

Each biennium, the state Pension Funding Council adopts PERS and TRS Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute. All employers are required to contribute at the level established by state law.

Washington State University Retirement Plan

Plan Description

Faculty, professional, and other staff are eligible to participate in the Washington State University Retirement Plan (WSURP), a 403(b) defined contribution plan. The Teachers Insurance and Annuity Association (TIAA) and the College Retirement Equities Fund (CREF) are the companion organizations through which individual retirement annuities are purchased. Employees have at all times a 100% vested interest in their accumulations.

TIAA-CREF benefits are payable upon termination at the member's option unless the participant is re-employed in another institution which participates in TIAA-CREF.

The plan has a supplemental payment component that guarantees a minimum retirement benefit goal based upon a one-time calculation at each employee's retirement date. WSU makes direct payments to qualifying retirees when the retirement benefit provided by TIAA CREF does not meet the benefit goal. Employees are eligible for a nonreduced supplemental payment after the age of 62 with 10 years of full-time service.

The minimum retirement benefit goal is 2% of the average annual salary for each year of full-time service up to a maximum of 25 years. However, if the participant does not elect to make the 10% TIAA-CREF contribution after age 49, the benefit goal is 1.5% for each year of full-time service for those years the lower contribution rate is selected.

WSU's Board of Regents is authorized to amend benefit provisions under RCW 28B.10.400. In 2011, the plan was amended to eliminate the supplemental benefit provisions for all employees hired after June 30, 2011.

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The WSURP supplemental pension benefits are unfunded and charged to operations in the years in which they are paid. The University makes no contributions other than benefit payments and there are no plan assets. An actuarial study of the supplemental pension benefits was performed as of June 30, 2020, using the entry age normal cost method and rolled forward with update procedures by the Office of the State Actuary. The actuarial assumptions for the evaluation included an investment rate of return of 7.4 percent. The total actuarial accrued liability calculated at June 30, 2021, was \$23,456,000.

Contributions

Contribution rates for the WSURP (TIAA-CREF), which are based upon age, are 5 percent, 7.5 percent, or 10 percent of salary and are matched by WSU. Employee and employer contributions for the years ended June 30, 2021, was \$919,000. Prior to fiscal year 2021 contributions were not required.

State legislation which became effective on July 1, 2020 created an employer contribution rate for the WSURP. OSA determines the rate in accordance with RCW 41.45 which provides authority to the Pension Funding Council to adopt changes to economic assumptions and contribution rates. For the fiscal year ended June 30, 2021 the WSURP contribution rate was 0.30% of covered salaries per RCW 28B.10.423.

Plan Investments

The Washington State Investment Board (WSIB) has been authorized by statute as having investment management responsibility for the pension funds. The WSIB manages retirement fund assets to maximize return with limited risks. As of July 1, 2020, legislation signed into law creating a trust agreement for assets dedicated to paying WSURP benefits to members. Contributions previously paid to DRS were transferred into the trust. As a result the University is now applying accounting guidance for single employer plans that have trusted assets and reports the net pension liability net of plan assets as of June 30, 2021.

Note 5 - Other Post Employment Benefits

WSU is a participating employer in the state's Public Employees Benefits Board (PEBB) program, a single employer defined benefit plan administered by the Washington State Health Care Authority (HCA). The PEBB is authorized to design benefits and determine terms and conditions of employee and retired employee participation and coverage per RCW 41.05.065. The OPEB plan provides medical, dental, life insurance, disability and long-term disability benefits for public employees and retirees and their dependents on a pay-as-you-go basis.

The OPEB relationship between PEBB employers and employees is not formalized in a contract or plan document. Instead, the benefits are provided in accordance with a substantive plan in which the plan terms are understood by the employers and plan members based on communications between employers and members and the historical pattern of practice with regard to the sharing of benefits costs. The employer's plan provides benefits through both explicit and implicit subsidies. The explicit subsidy is a set dollar amount that lowers the monthly premium paid by members over the age of 65 enrolled in Medicare Parts A and B. This set dollar amount is recommended by PEBB and approved by the state Legislature annually and was set at \$183 per member per month for fiscal year 2021. The implicit subsidy results from the inclusion of active and non-Medicare eligible retirees in the same pool when determining premiums. There is an implicit subsidy from active employees since the premiums paid by retirees are lower than they would have been if the retirees were insured separately.

For information on the actuarial valuation of the employer provided subsidies, refer to the Office of the State Actuary's website: <https://leg.wa.gov/osa/additionalservices/Pages/OPEB.aspx>.

Since the University's proportionate share is not broken down to the WSU department level, the OPEB liability, deferred inflows and deferred outflows and OPEB expense are not recorded on the NWPB financial statements.

Note 6 - Commitments

Revenue

Grant Commitments

During the fiscal year ended June 30, 2021, NWPB had the following active grants excluding awards related to CPB/CSG grant funds:

New grants received during the fiscal year ended June 30, 2021:

Northwest News Network

This grant replaces the past NPAN grant award to NWPR to fund reporters covering many geographical parts of our listening area. This grant termed June 30, 2021, with the final invoice paid in full in September of 2021. Now that payment has been received, the account will be deallocated and closed.

NWPB Content Creation Equipment Project (Murdock Foundation)

The Murdock Foundation awarded NWPB a 50/50 match grant to upgrade our radio studio at KVTI in Tacoma, WA. Funds were also provided for the KWSU television studio located on the WSU campus and KTNW studio located on the WSU campus in Richland, WA. Final expenditures were recognized and the grant was reconciled and closed in FY2021.

Incentive Auction Relocation Reimbursement Project (FCC)

Due to a spectrum auction many TV stations were required to move their broadcast to a different frequency on the spectrum (repack). The move to new frequencies impacted the translators. To this end, the FCC allocated funds to cover the cost to stations to repack expenses related to translators. The project had an official start date in 2018 allowing for expenses already incurred due to the original repack changes. This grant was set up as a reimbursement grant. Final invoices were submitted late in FY2021. The grant will be reconciled and closed in FY2022.

Continuing grants during the fiscal year ended June 30, 2021:

Cable TV Educational Access Grant

This grant was awarded in fiscal year ended June 30, 2017 and terms January 1, 2022. The funds are to be specifically spent on equipment to produce and cablecast WSU access programming within the Richland, Washington area.

Humanities Washington: (Re)Building Democracy \$7,500

KWSU-FM spearheaded a collaborative series of programming with other northwest public radio stations to create multi-modal programming to deepen the public's understanding of democracy and electoral engagement. WSU received \$7,500 of the collaborative grant funding to spend on production of its portion of the programs created. This grant termed the end of May 2021 and will be de-allocated and closed in FY2022.

Lease Contracts

Revenue

NWPB has several broadcast towers where physical space is leased to outside vendors. Additionally, excess spectrum capacity is leased to cellular providers. These contracts will provide approximately \$81 thousand in FY2022.

Expenses

Public Broadcasting Service Membership

In September 2021, NWPB committed to pay \$397,321 to the Public Broadcasting System for continued membership and to acquire programming for the fiscal year ending June 30, 2022.

National Public Radio Membership

In September 2021, NWPB committed to pay \$316,015 to the National Public Radio for continued membership and to acquire programming for the one-year period ending September 30, 2022.

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Lease Commitments and Total Rental Expense

NWPB has leased sites, office space, and/or facilities to locate equipment necessary to support our state-wide transmission of broadcast and microwave signals under various operating lease agreements that expire between June 30, 2021 and June 30, 2026. Those leases which have expired are under negotiations.

Future minimum rental commitments estimated from the contractual commitments are as follows:

Years Ending June 30,		
2022	\$	206,959
2023		201,263
2024		207,045
2025		214,134
2026		140,041
Total	\$	969,442

NWPB's adjusted rent expense from the attached functional report for the year ended June 30, 2021, was \$380,391, not including the value of facility space donated by WSU. The increase is due to payments for rent withheld until final contracts were complete.

Note 7 - Long-Term Debt

There are no aggregate scheduled principal and interest payments for future years; all contracts are paid in full.

Note 8 - Investment in Endowment Funds

On November 30, 2004, Northwest Public Radio and KWSU/KTNW Public Television each established endowment funds with the Washington State University Foundation (the Foundation). On November 7, 2002, KUGR Radio had an endowment fund established for them by William "Bill" Stowell with the Foundation. In May of 1999, the process was started to create the Geneva Simons Northwest Public Television Endowment, and in 2015, funds were deposited adding its value to our endowment accounts. In July of 2017, Donald and Marianna Matteson established an endowment for Northwest Public Radio.

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NWPR Endowment Balances

Account	Market Value
KWSU/KTNW Public Television Endowment	\$ 46,389
NW Public Radio Endowment	53,533
William Stowell KUGR Excellence Endowment	59,328
Geneva Simons NW Public Television Endowment	101,720
Donald & Marianna Matteson Public Radio Endowment	118,913
Dietrich Schmieman Fund	29,696
Joseph Ezra Roop Fund	5,783
	\$ 415,362

The investments are held by the Foundation in pools that include investments in various stocks, bonds, fixed income securities, real estate, and commodities. Distributions are made in accordance with the applicable investment policy and payment procedures of the Foundation. The policies of the Foundation are intended to maintain a perpetual fund, provide a stable source of support, and invest for total return and long-term growth.

The market value of the permanent endowments held by the WSU Foundation on behalf of Northwest Public Broadcasting is \$415,362 as of June 30, 2021.

Note 9 - Correction of an Error

During 2021, NWPB identified a misstatement associated with the accrued leave liability as of June 30, 2020. It was determined that the accrued leave liability was overstated as of June 30, 2020. The following summarizes the effect on beginning net position as a result of this restatement:

	As Previously Stated	Restatement	As Restated
Net Position, Beginning of Year	\$ 3,267,864	\$ 148,449	\$ 3,416,313



Supplementary Information
June 30, 2021

Northwest Public Broadcasting
Comprised of Northwest Public Radio,
Northwest Public Television
(KWSU/KTNW), KUGR Radio & Cable 8
TV

(A Public Telecommunication System Operated by Washington
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Northwest Public Broadcasting Comprised of Northwest Public Radio, Northwest
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(A Public Communications System Operated by Washington State University)
Schedule of Revenues, Expenses, and Changes in Net Position -Departmental Basis
Year Ended June 30, 2021

	<u>Radio</u>	<u>Television</u>	<u>Combined Totals</u>
Operating Revenues			
Contract revenue	\$ -	\$ 9,000	\$ 9,000
Community service grants from the Corporation for Public Broadcasting	234,137	781,027	1,015,164
Other operating grants	113,082	15,300	128,382
Other income	29,174	152,120	181,294
Total operating revenues	<u>376,393</u>	<u>957,447</u>	<u>1,333,840</u>
Operating Expenses			
Programming and production	1,722,698	1,277,674	3,000,372
Broadcasting	883,441	531,121	1,414,562
Program information	25,501	15,169	40,670
Management and general	281,611	273,486	555,097
Fundraising and membership development	910,233	215,397	1,125,630
Indirect administrative and facilities support	351,019	299,291	650,310
Depreciation	17,117	77,898	95,015
Total operating expenses	<u>4,191,620</u>	<u>2,690,036</u>	<u>6,881,656</u>
Operating Loss	<u>(3,815,227)</u>	<u>(1,732,589)</u>	<u>(5,547,816)</u>
Nonoperating Revenues			
General appropriation from WSU	836,376	1,002,176	1,838,552
Donated facilities and administrative support from WSU	351,019	299,291	650,310
Contributions and underwriting	2,515,638	291,752	2,807,390
Total nonoperating revenues	<u>3,703,033</u>	<u>1,593,219</u>	<u>5,296,252</u>
Change In Net Position	<u>\$ (112,194)</u>	<u>\$ (139,370)</u>	<u>\$ (251,564)</u>

Northwest Public Broadcasting Comprised of Northwest Public Radio, Northwest Public Television (KWSU/KTNW), KUGR
Radio & Cable 8 TV

(A Public Communications System Operated by Washington State University)

Schedule of Functional Expenses

Year Ended June 30, 2021

	Program Services				Support Services				Total
	Programming and Production	Broadcasting	Program Information	Total Program Services	Management and General	Fundraising and Membership	Underwriting	Total Support Services	
Salaries and wages	\$ 1,116,922	\$ 385,072	\$ 18,206	\$ 1,520,200	\$ 283,445	\$ 407,645	\$ 184,483	\$ 875,573	\$ 2,395,773
Employee benefits and payroll taxes	545,206	158,840	4,538	708,584	177,762	76,816	63,759	318,337	1,026,921
Program production and acquisitions	1,086,116	-	(1,263)	1,084,853	-	38	-	38	1,084,891
Professional services	81,389	9,441	110	90,940	80,164	2,013	-	82,177	173,117
Membership dues	4,522	-	136	4,658	1,156	53,287	6,437	60,880	65,538
Software licensing	(402)	914	-	512	-	-	-	-	512
Subscriptions and publications	-	-	427	427	535	194	-	729	1,156
Office supplies and photocopying	548	425	-	973	368	809	-	1,177	2,150
Computer supplies, software and line charges	23,023	12,385	110	35,518	-	282	-	282	35,800
Telephone and facsimile	1,778	38,289	-	40,067	739	3,590	3,590	7,919	47,986
Postage and shipping	113	881	1,515	2,509	-	11,254	154	11,408	13,917
Repairs and maintenance	5,789	77,824	11,309	94,922	-	12,003	-	12,003	106,925
Printing, publications, advertising, and direct mail	234	68	3,717	4,019	-	17,133	-	17,133	21,152
Travel, conferences, and training	11,274	8,606	1,494	21,374	6,320	1,088	2,779	10,187	31,561
Motor vehicle operations	8,777	8,312	-	17,089	-	-	-	-	17,089
Site rent, utilities, insurance	248	425,496	-	425,744	(1,170)	-	28,743	27,573	453,317
Bank card expense	-	1	-	1	-	34,428	-	34,428	34,429
General program support	24,795	199,657	69	224,521	3,484	16,717	5,547	25,748	250,269
Equipment lease payments	76,366	71,572	144	148,082	-	22,953	7,105	30,058	178,140
WSU Administration and Foundation fees	13,672	16,780	158	30,610	2,293	125,986	2,269	130,548	161,158
Total	3,000,370	1,414,563	40,670	4,455,603	555,096	786,236	304,866	1,646,198	6,101,801
In-kind trades	-	-	-	-	-	-	34,530	34,530	34,530
Indirect administrative facilities support	326,350	150,639	4,370	481,359	58,958	80,679	29,314	168,951	650,310
Depreciation	23,754	71,261	-	95,015	-	-	-	-	95,015
Total	\$ 3,350,474	\$ 1,636,463	\$ 45,040	\$ 5,031,977	\$ 614,054	\$ 866,915	\$ 368,710	\$ 1,849,679	\$ 6,881,656



Independent Accountant's Report

The Board of Regents of Washington State University
Northwest Public Broadcasting Comprised of Northwest Public Radio, Northwest
Public Television (KWSU/KTNW), KUGR Radio & Cable 8 TV
Pullman, Washington

We have examined management of Northwest Public Broadcasting Comprised of Northwest Public Radio, Northwest Public Television (KWSU/KTNW), KUGR Radio & Cable 8 TV (A Public Communications System Operated by Washington State University) (NWPB)'s assertion that the accompanying Corporation for Public Broadcasting (CPB) Schedule of Non-Federal Financial Support that NWPB complied with CPB's Fiscal Year 2021 Financial Reporting Guidelines governing the amounts reported as Non-Federal Financial Support (NFFS) during the fiscal year ended June 30, 2021. NWPB's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform procedures to obtain evidence about management's assertion. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, management's assertion that the accompanying CPB Schedule of Non-Federal Financial Support that NWPB complied with CPB's Fiscal Year 2021 Financial Reporting Guidelines governing the amounts reported as Non-Federal Financial Support during the fiscal year ended June 30, 2021 is fairly stated, in all material respects.

A handwritten signature in black ink that reads 'Eide Bailly LLP'.

Boise, Idaho
February 11, 2022