

**INDEPENDENT TELEVISION  
SERVICE, INC.  
AUDITED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021  
(With Independent Auditors' Report Thereon)**

**INDEPENDENT TELEVISION SERVICE, INC.**  
**AUDITED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

TABLE OF CONTENTS

	<u>Page No.</u>
Independent Auditors' Report.....	1
Statement of Financial Position .....	3
Statement of Activities.....	4
Statement of Functional Expenses .....	5
Statement of Cash Flows .....	6
Notes to Financial Statements.....	7

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Independent Television Service, Inc.  
San Francisco, California

We have audited the accompanying financial statements of Independent Television Service, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 financial position of Independent Television Service, Inc. as of September 30, 2021, 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.

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### Report on Summarized Comparative Information

We have previously audited the Independent Television Service, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 16, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Grant & Smith, LLP*

Oakland, California  
March 9, 2022

**INDEPENDENT TELEVISION SERVICE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF SEPTEMBER 30, 2021**  
**(Summarized Totals for 2020)**

ASSETS	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>Current Assets</b>				
Cash & Cash Equivalents (Note 2)	\$ 300	\$ 8,621,673	\$ 8,621,973	\$ 4,317,620
Investments (Note 3)	5,369,435	419,950	5,789,385	7,159,890
Grants Receivables - CPB (Note 4)		11,674,303	11,674,303	12,462,327
Grants Receivables - Other (Note 4)		3,294,105	3,294,105	2,380,000
Prepaid Expenses & Deposits	110,000	16,835	126,835	114,638
Total Current Assets	5,479,735	24,026,866	29,506,601	26,434,475
<b>Fixed Assets</b>				
Office Furniture & Equipment (Note 5)	161,500		161,500	161,500
Leasehold Improvements (Note 5)	1,281,277		1,281,277	1,281,277
Less: Accumulated Depreciation	(829,118)		(829,118)	(676,782)
Net Fixed Assets	613,659		613,659	765,995
<b>Total Assets</b>	\$ 6,093,394	\$ 24,026,866	\$ 30,120,260	\$ 27,200,470
<b>LIABILITIES &amp; NET ASSETS</b>				
<b>Current Liabilities</b>				
Accounts Payable & Accrued Expenses	\$ 57,000	\$ 407,029	\$ 464,029	\$ 703,681
Accrued Vacation	574,831		574,831	473,448
Contracts Payable (Note 6)		9,753,033	9,753,033	7,863,085
Current Portion of Loan Payable (Note 7)	121,386		121,386	116,731
Total Current Liabilities	753,217	10,160,062	10,913,279	9,156,945
<b>Non-Current Liabilities</b>				
Non Current Portion of Loan Payable (Note 7)	611,798		611,798	728,113
Less Current Portion of Loan Payable	(121,386)		(121,386)	(116,731)
Total Non-Current Liabilities	490,412		490,412	611,382
<b>Net Assets (Note 8)</b>	4,849,765	13,866,804	18,716,569	17,432,143
<b>Total Liabilities &amp; Net Assets</b>	\$ 6,093,394	\$ 24,026,866	\$ 30,120,260	\$ 27,200,470

**INDEPENDENT TELEVISION SERVICE, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**  
**(Summarized Totals for 2020)**

	<b>2021</b>			<b>2020</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total All Funds</b>	<b>Total</b>
<b>Support &amp; Revenue</b>				
Corporation for Public Broadcasting	\$	\$ 18,852,154	\$ 18,852,154	\$ 17,513,666
Grants & Contributions		4,140,772	4,140,772	4,462,479
Investment Income Net	98,125		98,125	177,397
Ancillary Income	1,073,080		1,073,080	254,589
Other Income	9,306		9,306	4,255
Net Assets Released from Restrictions (Note 9)	22,768,176	(22,768,176)		
<b>Total Support &amp; Revenue</b>	<u>23,948,687</u>	<u>224,750</u>	<u>24,173,437</u>	<u>22,412,386</u>
<b>Operating Expenses</b>				
Program Services:				
Licensing Fees & Production Costs	10,376,733		10,376,733	10,378,432
Communication	3,632,261		3,632,261	3,518,735
Programming	967,936		967,936	976,858
Business Affairs	695,520		695,520	453,507
Special Projects	4,895,726		4,895,726	6,402,112
Management & General	2,200,035		2,200,035	2,203,028
Other	120,800		120,800	120,091
<b>Total Expenses</b>	<u>22,889,011</u>		<u>22,889,011</u>	<u>24,052,763</u>
<b>Changes in Net Assets</b>	1,059,676	224,750	1,284,426	(1,640,377)
<b>Net Assets, Beginning of Year</b>	<u>3,790,089</u>	<u>13,642,054</u>	<u>17,432,143</u>	<u>19,072,520</u>
<b>Net Assets, End of Year</b>	<u>\$ 4,849,765</u>	<u>\$ 13,866,804</u>	<u>\$ 18,716,569</u>	<u>\$ 17,432,143</u>

**INDEPENDENT TELEVISION SERVICE INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2021  
(Summarized Totals for 2020)**

	2021								2020	
	Licensing Fees & Production Costs	Communications	Programming	Business Affairs	Special Projects	Total Program Expenses	Management & General	Other	Total	Total
<b>EXPENSES</b>										
Licensing Agreements	\$ 8,284,398				\$ 1,411,455	\$ 9,695,853			\$ 9,695,853	\$ 11,198,773
Salaries, Benefits & Taxes	1,547,434	\$ 2,505,685	\$ 817,401	\$ 621,744	1,863,359	7,355,623	\$ 1,576,130		8,931,753	8,227,850
Conferences, Meetings & Special Events	15,498	60,322	11,692	4,356	562	92,430	31,411		123,841	210,551
Equipment Costs	2,733	61,692	7,370	16,528	363,055	451,378	162,965		614,343	799,360
Insurance Expense						-	60,085		60,085	58,876
Interest Expense						-	29,104		29,104	34,092
Office Expenses	572	2,383		682	9,844	13,481	5,307		18,788	63,852
Office Lease & Storage	159,360	212,220	75,456	39,300		486,336	171,343		657,679	676,812
Outreach Expenses	7,807	101,871	300	1,134	16,375	127,487	4,357		131,844	228,591
Packaging	238,633	9,272			181,330	429,235			429,235	414,456
Panels/Readers			38,765			38,765			38,765	34,693
Postage and Delivery	2,363	954	87	29		3,433	835		4,268	12,015
Producer Orientation & Handbook			12,186			12,186			12,186	112,931
Professional Services	816	97,157	4,000	11,747	515,557	629,277	152,497	\$ 120,800	902,574	1,189,592
Promotion & Web	112,571	574,549			506,758	1,193,878	24		1,193,902	666,917
Telephone/Fax	2,027	760	500		27,431	30,718	5,078		35,796	36,458
Travel Expenses	2,521	5,396	179			8,096	899		8,995	86,944
<b>TOTAL EXPENSES</b>	<u>\$ 10,376,733</u>	<u>\$ 3,632,261</u>	<u>\$ 967,936</u>	<u>\$ 695,520</u>	<u>\$ 4,895,726</u>	<u>\$ 20,568,176</u>	<u>\$ 2,200,035</u>	<u>\$ 120,800</u>	<u>\$ 22,889,011</u>	<u>\$ 24,052,763</u>

**INDEPENDENT TELEVISION SERVICE, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**  
**(With Summarized Totals for 2020)**

	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in Net Assets	\$ 1,284,426	\$ (1,640,377)
Adjustments to Reconcile to Changes in Net Assets to Net Cash Provided by Operating Activities:		
<i>(Increases)/Decreases in Operating Assets</i>		
Depreciation	152,336	140,232
Grants Receivable	(126,081)	(3,072,860)
Prepaid & Security Deposit	(12,197)	(493)
<i>Increases/(Decreases) in Liabilities</i>		
Accounts Payable & Accrued Vacation	(138,269)	(26,636)
Loans Payable	(116,315)	(111,328)
Contracts Payable	1,889,948	2,019,376
Total Adjustment	1,649,422	(1,051,709)
<b>Net Cash Provided/(Used) by Operating Activities</b>	2,933,848	(2,692,086)
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
<b>Investing Activities</b>		
Sale/(Purchase) of Investments	1,370,505	83,009
(Purchase)/Disposal of Equipment & Improvements		(72,480)
<b>Net Cash Provided/(Used) by Investing Activities</b>	1,370,505	10,529
<b>Net Increase/(Decrease) in Cash and Equivalents</b>	4,304,353	(2,681,557)
<b>Cash and Equivalents, Beginning of Year</b>	4,317,620	6,999,177
<b>Cash and Equivalents, End of Year</b>	\$ 8,621,973	\$ 4,317,620
<i>Supplemental Disclosure of Cash Flow Information</i>		
Interest Expenses Paid	\$ 29,104	\$ 34,092
Taxes Paid	1,433	657

**INDEPENDENT TELEVISION SERVICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

General

Independent Television Service, Inc. (ITVS) was created by the community of independent producers and the Corporation for Public Broadcasting (CPB) under specific authorization of Congress as an independent service, operating in the public interest, to enhance the diversity and innovativeness of television programming available to public broadcasting. ITVS brings independently-produced, high-quality public broadcast and new media programs to local, national, and international audiences. The independent producers who create ITVS programs take creative risks, tackle complex issues, and express points of view seldom explored in the mass media. ITVS programs enrich the cultural landscape with the voices and visions of underrepresented communities, and reflect the interests and concerns of a diverse society.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this method, revenues are recorded when rights to receive are earned, or when services have been provided and expenditures are recorded when obligation to pay is incurred.

Financial Statement Presentation

As required, the accompanying financial statements have been prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by the classification of net assets and transactions into the following classes of assets:

Net Assets without Donor Restrictions - Net assets not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time, and may be maintained permanently by the Organization.

The Organization uses net assets with donor restrictions in accordance with donor-imposed restrictions to support specific programs and associated administrative functions. Net assets without donor restrictions are used to support general programs and associated general and administrative functions.

**INDEPENDENT TELEVISION SERVICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SEPTEMBER 30, 2021**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES – (Continued)**

Revenue Recognition

Contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) net assets with donor restriction are reclassified to without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions

Generally accepted accounting principles require that the Organization reports information about its financial position and activities in two classes of net assets: without donor restrictions and with donor restrictions. Unrestricted contributions are recognized as increases in net assets without donor restrictions when received. Contribution restricted by donors may be reported as increases in net assets with donor restrictions, depending on the nature of the donor-imposed restriction. When restrictions are satisfied, either by the passage of time or by accomplishing the purpose, the net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the activity statement as net assets released from restrictions. When restrictions are satisfied in the same period as the receipt of the contribution, the Organization reports both the revenue and the related expense in the unrestricted net asset class.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, the Organization considers all highly liquid debt instruments purchased with maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable consist of amounts due from funding sources, as described in Note 4, and are considered by management to be fully collectible.

**INDEPENDENT TELEVISION SERVICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SEPTEMBER 30, 2021**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

Investments

Generally accepted accounting principles require that nonprofit organizations report certain investments at fair value. In accordance with that guidance, the Organization accounts for its equity securities that have readily determinable market values by recording and reporting those securities at fair value. Information about the fair value of investments and the unrealized gains and losses is discussed in Note 3.

Fair Value Measurements

Generally accepted accounting principles (GAAP) provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the input used with each level:

Level 1 inputs - quoted prices in active markets for identical assets

Level 2 inputs - quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs - estimates using best information available when there is little or no market

The Organization is required to measure certain investments at fair value in accordance with GAAP. The technique used to measure the fair value of investments is described in Note 3.

Fair Value of Financial Instruments

The carrying amounts of cash, cash equivalents, accounts receivable and other assets approximate fair values due to the short-term maturities of these assets.

Income Taxes

The Organization is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code and has been designated as an organization that is not a private foundation, during an advance-ruling period ending September 30, 1993.

**INDEPENDENT TELEVISION SERVICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SEPTEMBER 30, 2021**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

GAAP provides accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Organization in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Organization's returns for years 2018 through 2020 are subject to examination by federal and state taxing authorities, generally for three years after they are filed.

Furniture and Equipment

Furniture and equipment are recorded at cost less accumulated depreciation. The Organization's policy is to capitalize asset purchases over \$500. The Organization capitalizes significant additions and improvements except for equipment purchases funded by foundation grants. Capitalized furniture and equipment are being depreciated using the straight-line half-year convention method over the estimated useful life of the asset. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation is removed from the accounts and any resulting gain or loss is recognized as income for the period. The cost of maintenance and repairs is recorded as expense incurred.

Functional Expense Reporting

The costs of providing the Organization's programs have been summarized on a functional basis in these financial statements. Based on management estimates, costs have been allocated between programs and supporting services as they relate to those functions.

Comparative Information

The financial statements include certain summarized comparative information from the prior year. This information is presented in total and not by net asset class and does not include sufficient detail to be in conformity with generally accepted accounting principles. Such information should be read together with the Organization's financial statements for the year ended September 30, 2020, from which the summarized information was extracted. Certain amounts in the prior year financial statements have been reclassified for comparison purposes to conform to the current year presentation.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued an accounting pronouncement (FASB ASU 2016-02) related to the accounting for leases. This pronouncement requires lessees to record most leases on their balance sheet, while expense recognition on the income statement remains similar to current lease accounting guidance. The guidance also eliminates real estate-specific provisions and modifies certain aspects of lessor accounting. Under the new guidance, lease classification as either a finance lease or an operating lease will determine how lease-related revenue and expense are recognized. Lessees (for

**INDEPENDENT TELEVISION SERVICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SEPTEMBER 30, 2021**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Recently Issued Accounting Pronouncements

capital and operating leases) and lessors (for sales-type, direct financing, and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Lessees and lessors may not apply a full retrospective transition approach. Nonpublic business entities should apply the amendments for fiscal years beginning after December 15, 2019 (i.e., January 1, 2020, for a calendar year entity), and interim periods within fiscal years beginning after December 15, 2020. Early application is permitted. ASU 2016-02 has currently no effect on the Organization's financials.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

The cash balance as of September 30, 2021 consisted of:

Interest Bearing Accounts – Beacon Business Bank	\$ 8,418,498
Money Market Account – Charles Schwab	203,175
Petty Cash	300
Total	<u><u>\$ 8,621,973</u></u>

Cash and Cash Equivalents are temporarily restricted until expended by the Organization for the purposes designated by related grant agreements.

At year ended September 30, 2021, the Organization had cash balances held at Beacon Business Bank in excess of limits covered by the Federal Deposit Insurance Corporation (FDIC) by \$8,168,498.

**NOTE 3 - INVESTMENTS**

The Organization's investments consist primarily of corporate notes, bonds and marketable securities. Investments are intended to provide income to be used in the Organization's programs. Restricted investments are used for purposes stipulated by donors, and the unrestricted portion has been designated to be used for management and general expenses. The fair values of investments that are measured on a recurring basis are listed below. The values presented are based on quoted prices in active markets (Level 1 inputs) as follows:

<u>INVESTMENT</u>	<u>COST</u>	<u>FAIR VALUE</u>
Exchange Traded Funds	\$ 5,804,172	\$ 5,789,385
Totals	<u><u>\$ 5,804,172</u></u>	<u><u>\$ 5,789,385</u></u>

**INDEPENDENT TELEVISION SERVICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SEPTEMBER 30, 2021**

**NOTE 4 – GRANTS RECEIVABLE**

Grants receivable consisted of the following as of September 30, 2021:

Corporation for Public Broadcasting	<u>\$ 11,674,303</u>
Grants Receivable-Other:	
Public Broadcasting Service	480,000
National Endowment For The Humanities	1,725,772
Ford Foundation	938,333
Wyncote Foundation	150,000
Total Grants Receivable-Other	<u>\$ 3,294,105</u>
 Totals	 <u><u>\$ 14,968,408</u></u>

**NOTE 5 – FIXED ASSETS**

Fixed Assets at cost, as of September 30, 2021 consisted of:

Computer Equipment	\$ 149,236
Furniture & Fixtures	7,207
Office Equipment	5,058
Leasehold Improvements	1,281,276
Total Fixed Assets	<u>1,442,777</u>
Less: Accumulated Depreciation	<u>(829,118)</u>
Net Fixed Assets	<u><u>\$ 613,659</u></u>

The Organization incurred \$152,336 in depreciation expense and amortization of leasehold improvement for the fiscal year ending September 30, 2021.

**NOTE 6 – CONTRACTS PAYABLE**

Contracts payable represent producer licensing fees payable to independent producers. For the fiscal year ending September 30, 2021, ITVS committed funds to 19 new full length productions.

**INDEPENDENT TELEVISION SERVICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SEPTEMBER 30, 2021**

**NOTE 7 – LOAN PAYABLE**

Loan Payable to Beacon Business Bank originated February 8, 2016. The loan bears interest at a rate of 4.25% per annum through the loan’s term, ending May 31, 2026. The balance at September 30, 2021 was of \$611,798. Principal maturities of loan payable for the next five fiscal years ending September 30th are as follows:

2022	\$	121,386	
2023		126,647	
2024		132,135	
2025		137,862	
2026		93,768	
Total	\$	611,798	

**NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS**

The Net Assets balance as of September 30, 2021 for donor restricted funds represents the unspent portion of grants recorded as the current year and prior year’s increase to net assets balance in accordance with the requirements of Accounting for Contributions Received and Contributions Made. These funds are restricted for use in future fiscal years for the purpose set forth in the grant documents.

The details of donor restricted net assets as of September 30, 2021 are as follows:

CPB Production Funds	\$	7,980,198
Foundation Special Projects		5,886,606
Total		13,866,804

**NOTE 9 – NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from funding restrictions by committing production licensing agreements to independent producers, promoting their shows upon completion, and by producing two television series for Public Television.

**INDEPENDENT TELEVISION SERVICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SEPTEMBER 30, 2021**

**NOTE 9 – NET ASSETS RELEASED FROM RESTRICTIONS (Continued)**

The details of net assets released from restrictions as of September 30, 2021 are as follows:

Licensing Fees	\$ 8,284,398
Production Support	2,092,335
Communication	3,632,261
Programming	967,936
Business Affairs	695,520
Special Projects	4,895,726
Management & General	2,200,000
Total	<u>\$ 22,768,176</u>

**NOTE 10 – COMMITMENTS**

ITVS leases an office space at 1435 Folsom Street, San Francisco, CA. which commenced on June 1, 2016 and expires on May 31, 2026. ITVS maintains a security deposit of \$110,000 for leasing of the property. At September 30, 2021, the rental expense is \$572,261-

The Organization's future minimum lease payments are as follows:

<u>September 30,</u>	<u>Property Lease</u>
2022	\$ 589,428
2023	607,111
2024	619,133
2025	637,704
2026	101,245
Total	<u>\$ 2,554,621</u>

**NOTE 11 – SIGNIFICANT CONCENTRATIONS**

ITVS received approximately 78% of its support and revenue from the Corporation for Public Broadcasting. A significant reduction in the level of this support may have an adverse effect on the Organization's ability to continue its programs and activities, which are funded by this grantor.

**NOTE 12 – DEFINED CONTRIBUTION PLAN**

The Organization also has a qualified defined contribution pension plan (403b) covering substantially all employees after attainment of specified periods of service. The plan includes an Organization match of employee's contributions up to 5% of a participant's salary. Pension expense under this plan was approximately \$370,868 in year ended September 30, 2021.

**INDEPENDENT TELEVISION SERVICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**SEPTEMBER 30, 2021**

**NOTE 13 – LIQUIDITY & AVAILABILITY**

Cash and Cash Equivalents	\$ 8,621,973
Investments	5,789,385
Grants & Contract Receivable	<u>14,968,408</u>
Total Liquid Financial Assets	29,379,766
Less: Current Liabilities & Net Assets With Donor Restriction	<u>(24,026,866)</u>
Financial Assets Available to Meet Cash Needs of General Expenditures within One Year	<u>\$ 5,479,735</u>

**NOTE 14 – SUBSEQUENT EVENTS**

Management of the Organization has reviewed the results of operations for the period of time from its year end September 30, 2021, through March 9, 2022, the date the financial statements were available to be issued and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.