

**INDEPENDENT TELEVISION
SERVICE, INC.
AUDITED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022
(With Independent Auditors' Report Thereon)**

**INDEPENDENT TELEVISION SERVICE, INC.
AUDITED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of ITVS, Inc.

Opinion

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, 2022, and the related statements of activities, statement of 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 Independent Television Service, Inc. as of September 30, 2022, 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 Independent Television Service, Inc 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 generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Independent Television Service, Inc'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

INDEPENDENT AUDITORS' REPORT

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 Independent Television Service, Inc'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 Independent Television Service, Inc'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

We have previously audited the Independent Television Service, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 9, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Grant & Smith, LLP

Oakland, California
March 17, 2023

INDEPENDENT TELEVISION SERVICE, INC.
STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2022
(Summarized Totals for 2021)

ASSETS	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Current Assets				
Cash & Cash Equivalents (Note 2)	\$ 300	\$ 6,163,042	\$ 6,163,342	\$ 8,621,973
Investments (Note 3)	4,895,629	482,815	5,378,444	5,789,385
Grants Receivables - CPB (Note 4)		15,218,922	15,218,922	11,674,303
Grants Receivables - Other (Note 4)		9,042,438	9,042,438	3,294,105
Prepaid Expenses & Deposits	110,000	57,585	167,585	126,835
Total Current Assets	5,005,929	30,964,802	35,970,731	29,506,601
Fixed Assets				
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	(981,454)		(981,454)	(829,118)
Net Fixed Assets	461,323		461,323	613,659
Total Assets	\$ 5,467,252	\$ 30,964,802	\$ 36,432,054	\$ 30,120,260
LIABILITIES & NET ASSETS				
Current Liabilities				
Accounts Payable & Accrued Expenses	\$ 190,000	\$ 873,802	\$ 1,063,802	\$ 464,029
Accrued Vacation	561,012		561,012	574,831
Contracts Payable (Note 6)		8,997,250	8,997,250	9,753,033
Current Portion of Loan Payable (Note 7)	126,647		126,647	121,386
Total Current Liabilities	877,659	9,871,052	10,748,711	10,913,279
Non-Current Liabilities				
Non Current Portion of Loan Payable (Note 7)	490,366		490,366	611,798
Less Current Portion of Loan Payable	(126,647)		(126,647)	(121,386)
Total Non-Current Liabilities	363,719		363,719	490,412
Net Assets (Note 8)	4,225,874	21,093,750	25,319,624	18,716,569
Total Liabilities & Net Assets	\$ 5,467,252	\$ 30,964,802	\$ 36,432,054	\$ 30,120,260

INDEPENDENT TELEVISION SERVICE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(Summarized Totals for 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total All Funds	Total
Support & Revenue				
Corporation for Public Broadcasting	\$	\$ 17,366,666	\$ 17,366,666	\$ 18,852,154
Grants & Contributions		10,110,000	10,110,000	4,140,772
Investment Income Net	(301,879)		(301,879)	98,125
Ancillary Income	(214,599)		(214,599)	1,073,080
Other Income	12,587		12,587	9,306
Net Assets Released from Restrictions (Note 9)	20,249,720	(20,249,720)		
Total Support & Revenue	19,745,829	7,226,946	26,972,775	24,173,437
Operating Expenses				
Program Services:				
Licensing Fees & Production Costs	8,083,425		8,083,425	10,376,733
Communication	3,283,512		3,283,512	3,632,261
Programming	959,503		959,503	967,936
Business Affairs	678,353		678,353	695,520
Special Projects	5,044,927		5,044,927	4,895,726
Management & General	2,200,000		2,200,000	2,200,035
Other	120,000		120,000	120,800
Total Expenses	20,369,720		20,369,720	22,889,011
Changes in Net Assets	(623,891)	7,226,946	6,603,055	1,284,426
Net Assets, Beginning of Year	4,849,765	13,866,804	18,716,569	17,432,143
Net Assets, End of Year	\$ 4,225,874	\$ 21,093,750	\$ 25,319,624	\$ 18,716,569

**INDEPENDENT TELEVISION SERVICE INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(Summarized Totals for 2021)**

	2022								2021	
	Licensing Fees & Production Costs	Communications	Programming	Business Affairs	Special Projects	Total Program Expenses	Management & General	Other	Total	Total
EXPENSES										
Licensing Agreements	\$ 5,608,876				\$ 582,446	\$ 6,191,322			\$ 6,191,322	\$ 9,695,853
Salaries, Benefits & Taxes	1,956,176	\$ 2,090,973	\$ 655,452	\$ 566,449	2,406,036	7,675,086	\$ 1,506,619		9,181,705	8,931,753
Conferences, Meetings & Special Events	21,682	87,496	26,894	5,156	8,000	149,228	41,120		190,348	123,841
Equipment Costs	287	60,867	9,745	45,497	328,435	444,831	146,425		591,256	614,343
Insurance Expense							72,964		72,964	60,085
Interest Expense							23,988		23,988	29,104
Office Expenses	446	4,161	229	530	29,725	35,091	8,450		43,541	18,788
Office Lease & Storage	210,348	187,775	39,120	39,120	7,152	483,515	232,653		716,168	657,679
Outreach Expenses	5,601	107,194	1,163	375	832,188	946,521	4,995		951,516	131,844
Packaging	37,741				335,698	373,439			373,439	429,235
Panels/Readers			25,995		20,549	46,544			46,544	38,765
Postage and Delivery	1,289	1,450	67	33	231	3,070	666		3,736	4,268
Producer Orientation & Handbook			173,208		7,061	180,269			180,269	12,186
Professional Services	25,915	38,809	9,200	21,193	382,736	477,853	159,207	\$ 120,000	757,060	902,574
Promotion & Web	183,643	685,402			84,791	953,836	152		953,988	1,193,902
Telephone/Fax	1,767	445	433		19,879	22,524	2,761		25,285	35,796
Travel Expenses	29,654	18,940	17,997			66,591			66,591	8,995
TOTAL EXPENSES	\$ 8,083,425	\$ 3,283,512	\$ 959,503	\$ 678,353	\$ 5,044,927	\$ 18,049,720	\$ 2,200,000	\$ 120,000	\$ 20,369,720	\$ 22,889,011

INDEPENDENT TELEVISION SERVICE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2022
(With Summarized Totals for 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 6,603,055	1,284,426
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	152,336
Grants Receivable	(9,292,952)	(126,081)
Prepaid & Security Deposit	(40,750)	(12,197)
<i>Increases/(Decreases) in Liabilities</i>		
Accounts Payable & Accrued Vacation	585,954	(138,269)
Loans Payable	(121,432)	(116,315)
Contracts Payable	(755,783)	1,889,948
Total Adjustment	(9,472,627)	1,649,422
Net Cash Provided/(Used) by Operating Activities	(2,869,572)	2,933,848
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Investing Activities		
Sale/(Purchase) of Investments	410,941	1,370,505
(Purchase)/Disposal of Equipment & Improvements		
Net Cash Provided/(Used) by Investing Activities	410,941	1,370,505
Net Increase/(Decrease) in Cash and Equivalents	(2,458,631)	4,304,353
Cash and Equivalents, Beginning of Year	8,621,973	4,317,620
Cash and Equivalents, End of Year	\$ 6,163,342	\$ 8,621,973
<i>Supplemental Disclosure of Cash Flow Information</i>		
Interest Expenses Paid	\$ 23,988	\$ 29,104
Taxes Paid	1,204	1,433

INDEPENDENT TELEVISION SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

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, 2022

**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, 2022

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.

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 2019 through 2021 are subject to examination by federal and state taxing authorities, generally for three years after they are filed.

INDEPENDENT TELEVISION SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2022

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

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. The following is the allocation method of the expense to the various programs:

Salaries, Benefits & Taxes - are allocated based on individual staff assigned to each department

Office Lease and Storage - are allocated by the percentage of staff within each department in relation to the total number of staff at the beginning of the fiscal year

All other expenses are based on actual expense for each dept/special project

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, 2021, 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

INDEPENDENT TELEVISION SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2022

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

Recently Issued Accounting Pronouncements

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 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, 2022 consisted of:

Interest Bearing Accounts – Beacon Business Bank	\$ 5,903,205
Money Market Account – Charles Schwab	259,837
Petty Cash	300
Total	<u>\$ 6,163,342</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, 2022, the Organization had cash balances held in excess of limits covered by the Federal Deposit Insurance Corporation (FDIC) by \$5,653,205.

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:

INDEPENDENT TELEVISION SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2022

NOTE 3 – INVESTMENTS (Continued)

INVESTMENT	COST	FAIR VALUE
U.S. Treasury Notes	\$ 5,479,947	\$ 5,378,444
Totals	\$ 5,479,947	\$ 5,378,444

NOTE 4 – GRANTS RECEIVABLE

Grants receivable consisted of the following as of September 30, 2022:

Corporation for Public Broadcasting	\$ 15,218,922
Grants Receivable-Other:	
Action Family Foundation	1,000,000
MacArthur	1,000,000
Meadow Fund	2,000,000
NEH	1,725,772
Public Broadcasting System	2,620,000
Other	696,666
Total Grants Receivable-Other	\$ 9,042,438
Totals	\$ 24,261,360

NOTE 5 - FIXED ASSETS

Fixed Assets at cost, as of September 30, 2022 consisted of:

Computer Equipment	\$ 149,236
Furniture & Fixtures	7,207
Office Equipment	5,058
Leasehold Improvements	1,281,276
Total Fixed Assets	1,442,777
Less: Accumulated Depreciation	(981,454)
Net Fixed Assets	\$ 461,323

The Organization incurred \$152,336 in depreciation expense and amortization of leasehold improvement for the fiscal year ending September 30, 2022.

**INDEPENDENT TELEVISION SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2022**

NOTE 6 – CONTRACTS PAYABLE

Contracts payable represent producer licensing fees payable to independent producers. For the fiscal year ending September 30, 2022, ITVS committed funds to 16 new full length productions.

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, 2022 was of \$490,366. Principal maturities of loan payable for the next five fiscal years ending September 30th are as follows:

2023	\$	126,647
2024		132,135
2025		137,862
2026		93,722
Total	\$	490,366

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

The Net Assets balance as of September 30, 2022 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, 2022 are as follows:

CPB Production Funds	\$	10,262,071
Foundation Special Projects		10,831,679
Total	\$	21,093,750

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, 2022

NOTE 9 – NET ASSETS RELEASED FROM RESTRICTIONS (Continued)

The details of net assets released from restrictions as of September 30, 2022 are as follows:

Licensing Fees	\$ 5,608,876
Production Support	2,474,549
Communication	3,283,512
Programming	959,503
Business Affairs	678,353
Special Projects	5,044,927
Management & General	2,200,000
Total	<u>\$ 20,249,720</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, 2022, the rental expense is \$664,369.

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

<u>September 30,</u>	<u>Property Lease</u>
2023	\$ 607,111
2024	619,133
2025	637,704
2026	101,245
Total	<u>\$ 1,965,193</u>

NOTE 11 – SIGNIFICANT CONCENTRATIONS

ITVS received approximately 64% 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 \$503,997 in year ended September 30, 2022.

INDEPENDENT TELEVISION SERVICE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
SEPTEMBER 30, 2022

NOTE 13 – LIQUIDITY & AVAILABILITY

Cash and Cash Equivalents	\$ 6,163,342
Investments	5,378,444
Grants & Contract Receivable	<u>24,261,360</u>
Total Liquid Financial Assets	35,803,146
Less: Current Liabilities & Net Assets With Donor Restriction	<u>(30,964,802)</u>
Financial Assets Available to Meet Cash Needs of General Expenditures within One Year	<u>\$ 4,838,344</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, 2022, through March 17, 2023, 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.