

ARIZONA PUBLIC MEDIA
(A Division of the University of Arizona)

YEARS ENDED JUNE 30, 2021 AND 2020

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(A Division of the University of Arizona)
YEARS ENDED JUNE 30, 2021 AND 2020

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ARIZONA PUBLIC MEDIA®



A Message from the Chief Executive Officer

Throughout FY 2020-2021, Arizona Public continued its legacy of engaging, impactful, and highly visual storytelling focused on issues important to Southern Arizonans. AZPM continues to attract and engage audiences evidenced by solid Nielsen ratings, statewide broadcast of its two flagship television programs, and an increasing number of its stories featured on national news programs. AZPM staff received eight individual Emmy® awards from the Rocky Mountain Southwest Chapter of the National Academy of Television Arts and Sciences. Four [Arizona Illustrated](#) stories and two AZPM news stories received regional Edward R. Murrow awards, including an award in the category of Excellence in Diversity, Equity, and Inclusion.

Election coverage included the only live statewide television broadcast of the Senatorial Debate (*Your Vote 2020 - Arizona U.S. Senate Debate: Martha McSally Vs Mark Kelly*). Produced in partnership with KAET, KJZZ, and the *Arizona Republic*, the debate was the highest-rated program of the year. On-air fundraising was suspended to accommodate live coverage of the US House of Representatives impeachment hearings on *NPR 89.1*, *PBS 6*, and *PBS 6 PLUS*. Audience comments overwhelmingly reinforced the decision to pre-empt regular scheduled programming to provide uninterrupted coverage of this historic event.

As the COVID-19 pandemic continued to rage, AZPM adapted many of its production, fundraising, and broadcast practices to keep staff, students, and guests safe. "Soft" radio campaigns, featuring recorded spots rather than the usual live pledge process, resonated well with listeners. Live on-air fundraising was conducted entirely remotely and earned outstanding support from the Southern Arizona community. The text-to-give option was added to all platforms, with significant success.

Community engagement events, which were suspended in FY20 because of the pandemic, were migrated to virtual formats and provided a vital service to the community. The *COVID-19 Community Collaborative*, in which the community contributed stories and photos of their experience during the pandemic, culminated in a live virtual event one year after the pandemic began. AZPM also partnered with the University of Arizona's Institutes for Resilience on a three-part public engagement webinar series "[Fire on the Mountain: Understanding Tucson's Bighorn Fire](#)", followed later in the year by an [Arizona Illustrated](#) special and virtual event ("[Fire and the Future: Tucson's Bighorn Fire One Year Later](#)").

PBS and *PBS KIDS* programming remains a safe and educational choice for children and families. [Arizona At-Home Learning](#), a suite of free digital learning resources and an educational broadcast schedule of programs aligned with state curriculum standards, continued to provide remote learning resources for students, parents, and teachers through a website and television programming endorsed by the Office of the State Superintendent of Public Instruction.

Digital engagement skyrocketed, reflecting an audience migration to online platforms. AZPM's robust social media presence (multiple accounts on Facebook, Instagram, and Twitter) make AZPM's content available to a rapidly growing digital audience. [AZPM News](#) also maintains a vigorous web presence, featuring news stories produced especially for online audiences.

Streaming and [AZPM Passport](#) usage exploded in FY21, thanks to awareness and engagement efforts. Streaming on the PBS video app grew by 147% in the first few months of 2021, and total Passport usage has increased 743% since 2018. AZPM's radio stations are streamed online more than 35,000 times a month and are enjoyed by listeners all over the world.

FY21 was a banner year for radio: *NPR 89.1* was ranked the #1 station in Tucson in July, August, and September, and was named the top station for news by readers of the *Tucson Weekly* for the 10th consecutive year and the 18th year overall. *Classical 90.5* offered a specially curated selection of performances from the Tucson Symphony Orchestra and the Arizona Friends of Chamber Music on the Community Concert Series.

A community service of the University of Arizona, AZPM remains a widely respected and successful public media organization that consistently earns top national rankings on all of its media platforms and receives significant support from the communities it serves with its compelling and timely programming.

Sincerely,

Independent Auditors' Report

Board of Directors and Management
Arizona Public Media
Tucson, Arizona

We have audited the accompanying financial statements of Arizona Public Media, a division of the University of Arizona, which comprise the statements of net position as of June 30, 2021 and 2020, and the related statements of revenues, expenses and changes in net position and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' 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 Company'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 Company'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 Arizona Public Media as of June 30, 2021 and 2020, and the changes in financial position and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of AZPM's proportionate share of the net pension liability, schedule of pension contributions, and schedule of AZPM's proportionate share of the total OPEB liability, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements and other knowledge we obtained during our audit of the 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.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The message from the General Manager and statements of functional expenses by station are presented for purposes of additional analysis and are not a required part of the financial statements.

The message from the General Manager has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

The statements of functional expenses by station are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statements of functional expenses by station are fairly stated, in all material respects, in relation to the financial statements as a whole.

Beach Fleishman PC

Tucson, Arizona
November 29, 2021

ARIZONA PUBLIC MEDIA
(A Division of the University of Arizona)

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED JUNE 30, 2021 AND 2020

INTRODUCTION AND REPORTING ENTITY

The following discussion and analysis provides an overview of the financial position and activities of Arizona Public Media (AZPM), a division of the University of Arizona (the university), for the years ended June 30, 2021 and 2020.

This discussion has been prepared by management and should be read in conjunction with the financial statements and the accompanying notes, which follow this section.

USING THE FINANCIAL STATEMENTS

The financial statements include three statements: the Statements of Net Position; the Statements of Revenues, Expenses and Changes in Net Position; and the Statements of Cash Flows.

The Statement of Net Position presents the financial position of AZPM at the end of the fiscal year and includes all assets, deferred outflows, liabilities, and deferred inflows of AZPM. Assets and liabilities are classified as either current or noncurrent. Current liabilities are obligations that will be paid within one year of the statement date. Current assets are those resources available to satisfy current liabilities. The difference between total assets and deferred outflows and total liabilities and deferred inflows, referred to as net position, is one indicator of the financial condition of AZPM. Generally, assets and liabilities are measured using current values. One notable exception is capital assets, which are stated at historic cost less an allowance for depreciation.

The Statement of Revenues, Expenses and Changes in Net Position provides information about AZPM's financial activities during the year. Revenues and expenses are classified as either operating or nonoperating, and all changes in net position categories are reported, including capital contributions and additions or reductions to endowments. As a university licensee, general appropriations from the university, along with contributions and investment income are considered nonoperating revenues. Therefore, as a result of these standards, AZPM will typically appear to operate at a loss. By comparison, the total change in net position is a better indicator of whether the overall financial condition has improved or worsened during the year.

The Statement of Cash Flows reflects the inflows and outflows of cash and cash equivalents during the year. It shows the various cash activities by type, reconciling the beginning cash and cash equivalents amount to the ending cash and cash equivalents amount, which is shown on the Statement of Net Position. In addition, this statement reconciles cash flows from operating activities to operating loss on the Statement of Revenues, Expenses and Changes in Net Position.

ARIZONA PUBLIC MEDIA
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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

YEARS ENDED JUNE 30, 2021 AND 2020

CONDENSED FINANCIAL STATEMENT INFORMATION

Statement of Net Position

A summarized comparison of AZPM's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2021 and 2020 is as follows:

	2021	2020
Assets		
Current assets	\$ 29,953,207	\$ 25,682,044
Noncurrent assets other than capital assets	5,804,932	3,466,483
Capital assets	<u>1,711,292</u>	<u>1,731,192</u>
Total assets	<u>37,469,431</u>	<u>30,879,719</u>
Total deferred outflows of resources	<u>1,534,063</u>	<u>1,139,150</u>
Liabilities		
Current liabilities	958,035	891,395
Noncurrent liabilities	<u>6,868,869</u>	<u>6,085,545</u>
Total liabilities	<u>7,826,904</u>	<u>6,976,940</u>
Total deferred inflows of resources	<u>350,532</u>	<u>513,900</u>
Net position		
Investment in capital assets	1,711,292	1,731,192
Restricted - nonexpendable	4,134,408	2,123,057
Restricted - expendable	1,845,368	1,692,232
Unrestricted	<u>23,134,990</u>	<u>18,981,548</u>
Total net position	<u>\$ 30,826,058</u>	<u>\$ 24,528,029</u>

For the year ended June 30, 2021, total net position increased by \$6,298,029, or 25.7%, which is due to several factors including: bequests of \$1,355,351; American Relief Act Funding of \$822,238 allocated from The Corporation for Broadcasting; additions to endowments of \$1,444,253; Investment Income of \$1,128,772; Capital gifts of \$535,000 and reduction in expense for Arizona Public Media's portion of Pension and Other Post Employment Benefit (OPEB) of \$153,319.

For the year ended June 30, 2020, total net position increased by \$1,996,510, or 8.9%, which is mainly due to bequests of \$1,105,734. In addition, AZPM received \$277,121 in CARES Act funding allocated from The Corporation for Broadcasting.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

YEARS ENDED JUNE 30, 2021 AND 2020

CONDENSED FINANCIAL STATEMENT INFORMATION (CONTINUED)

Statement of Net Position (Continued)

Current assets consist primarily of cash and cash equivalents, short-term investments, receivables and prepaid expenses. Current liabilities consist primarily of accounts payable, accrued liabilities and unearned revenue. Current assets are sufficient to meet current obligations.

Statement of Revenues, Expenses and Changes in Net Position

A summarized comparison of AZPM's operations for the years ended June 30, 2021 and 2020 is as follows:

	2021	2020
Operating revenues:		
Grants and contracts	\$ 5,000	\$ 27,711
Auxiliary enterprises	960,502	1,146,479
Total operating revenues	<u>965,502</u>	<u>1,174,190</u>
Operating expenses:		
Program services:		
Programming and production	6,128,250	6,245,949
Broadcasting	1,408,589	1,421,618
Public information and promotion	661,145	810,637
Support services:		
Management and general	1,465,776	1,391,702
Fundraising and membership development	<u>2,639,194</u>	<u>2,680,378</u>
Total operating expenses	<u>12,302,954</u>	<u>12,550,284</u>
Operating loss	<u>(11,337,452)</u>	<u>(11,376,094)</u>
Nonoperating revenues:		
General appropriation from the university	962,852	1,142,465
Donated facilities and administrative support from the university	1,653,676	1,672,392
Corporation for Public Broadcasting grants	2,789,114	1,866,982
Subscription and membership income	4,612,254	4,223,261
Business and underwriting	1,029,467	1,343,905
Other gifts and nonoperating revenues	<u>6,053,118</u>	<u>3,070,599</u>
	<u>17,100,481</u>	<u>13,319,604</u>
Increase in net position before capital additions	5,763,029	1,943,510
Capital grants, gifts and conveyances	<u>535,000</u>	<u>53,000</u>
Increase in net position	<u>\$ 6,298,029</u>	<u>\$ 1,996,510</u>

ARIZONA PUBLIC MEDIA
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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

YEARS ENDED JUNE 30, 2021 AND 2020

CONDENSED FINANCIAL STATEMENT INFORMATION (CONTINUED)

Statement of Revenues, Expenses and Changes in Net Position (Continued)

Operating revenues and expenses - In fiscal year 2021, AZPM's operating revenues decreased by \$208,688, or 17.8% over fiscal year 2020, which is due to a decrease in grant revenues as well as a reduction in outside production due to COVID-19.

In fiscal year 2020, AZPM's operating revenues decreased by \$13,422, or 1.1% over fiscal year 2019, which is due to a decrease in grant revenues.

In fiscal year 2021, operating expenses decreased by \$247,330, or 2.0%. Program services, which consist of programming and production, broadcasting, and public information and promotion expenses, decreased approximately \$280,220, or 3.3%. Supporting services, which consist of management and general and fundraising and membership development expenses, increased approximately \$32,890, or 0.8%. For both Program services and Supporting services, this is mainly due to a decrease in salary related to the university mandated furlough program and a decrease to Pension and OPEB expenses.

In fiscal year 2020, operating expenses increased by \$1,328,936, or 11.8%. Program services, which consist of programming and production, broadcasting, and public information and promotion expenses, increased approximately \$569,103, or 7.2%. Supporting services, which consist of management and general and fundraising and membership development expenses, increased approximately \$759,833, or less than 22.9%. For both program services and supporting services, this is mainly due to an increase in salary and an increase to pension and OPEB expenses. The University of Arizona implemented a Career Architecture Plan (UCAP) that established a new architecture and market driven pay scale. AZPM has several positions that were affected by UCAP. Given the scope of the project, the university has set an implementation plan to incrementally increase affected positions over a 5-year timeline. In addition, AZPM converted some part-time positions to full time.

Nonoperating revenues – In fiscal year 2021, nonoperating revenues increased approximately \$3,780,877, or 28.4%. The general appropriation from the university decreased approximately \$179,613, or 15.7%, this was due to a budget reduction related to the uncertainties around tuition revenues for the 2021 Academic year related to online rather than in-person instruction brought about by COVID 19. Donated facilities and administrative support (indirect administrative support) provided by the university decreased by \$18,716, or 1.1%, which is the result of a decrease in direct expense base for the calculation. The value is calculated using the Corporation for Public Broadcasting's (CPB) IAS Standard Method, which is a new method implemented in fiscal year 2020. CPB grants increased by \$922,132, or 49.4%, which is due to AZPM's allocation of the American Relief Act that was appropriated by congress to CPB. Subscription and membership revenue increased by \$388,993, or 9.2%, which is primarily due to continued growth of the sustainer giving campaign and successful pledge drives. Business and underwriting revenue decreased \$314,438, or 23.4%, as a result of the effects of business closures from COVID-19. Other gifts and nonoperating revenues increased by approximately \$2,982,519, or 97.1%, which is mainly due to additions to endowments and investment income.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

YEARS ENDED JUNE 30, 2021 AND 2020

CONDENSED FINANCIAL STATEMENT INFORMATION (CONTINUED)

Statement of Revenues, Expenses and Changes in Net Position (Continued)

In fiscal year 2020, nonoperating revenues decreased approximately \$1,852,111, or 12.2%. The general appropriation from the university decreased approximately \$152,863, or 11.8% this was due to a budget reduction of 4% as well as a reduction in allocation for the cost of telecommunication services from the university which had previously been expensed. Donated facilities and administrative support (indirect administrative support) provided by the university increased by \$83,941, or 2.2%, which is the result of an increase in direct expense base for the calculation. The value is calculated using the Corporation for Public Broadcasting's (CPB) IAS Standard Method which is a new method implemented in Fiscal Year 2020. CPB grants increased by \$277,121, or 17.4% which is due to AZPM's allocation of the CARES Act that was appropriated by congress to CPB. Subscription and membership revenue increased by \$483,160, or 12.9%, which is primarily due to continued growth of the sustainer giving campaign and successful pledge drives. Business and underwriting revenue decreased \$294,241, or 18.0%, as a result of cancellation of contracts due to the effects of business closures from COVID 19. Other gifts and nonoperating revenues decreased by approximately \$2,249,229, or 42.3%, which is mainly due to several large bequests that were received in fiscal year 2019.

Capital Assets and Debt Analysis

AZPM had \$1,711,292 and \$1,731,192 in capital assets, net of accumulated depreciation at June 30, 2021 and 2020. Title to these assets resides with the university, which allocates custody of the assets to AZPM for its operational needs.

AZPM does not separately issue long-term debt and is not currently engaged in any long-term financing transactions.

Contacting AZPM

This management report is designed to provide a general overview of AZPM's finances and to show AZPM's accountability for the revenue it received. If you have other questions on this report or need additional information, contact the Chief Financial Officer at Arizona Public Media, P.O. Box 210067, Tucson, AZ 85721 or call (520)-621-5828.

**ARIZONA PUBLIC MEDIA
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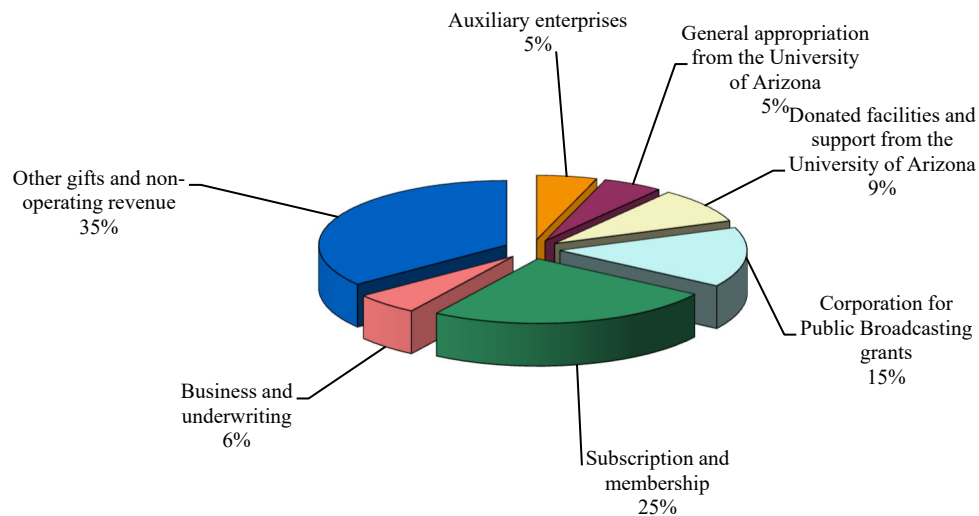
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

YEARS ENDED JUNE 30, 2021 AND 2020

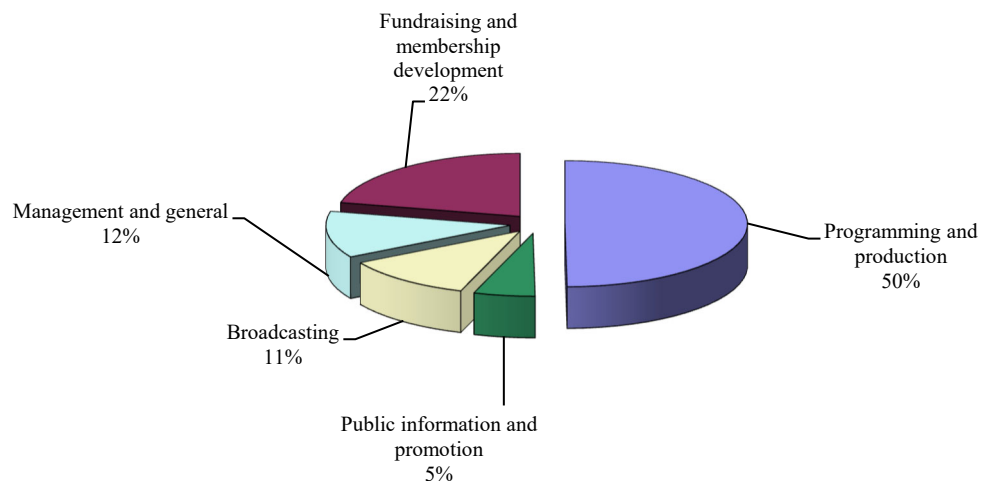
CONDENSED FINANCIAL STATEMENT INFORMATION (CONTINUED)

The following graphs illustrate the operating and non-operating revenues and expenses for the year ended June 30, 2021.

Operating and Non-operating Revenues



Operating and Non-operating Expenses



**ARIZONA PUBLIC MEDIA
(A Division of the University of Arizona)**

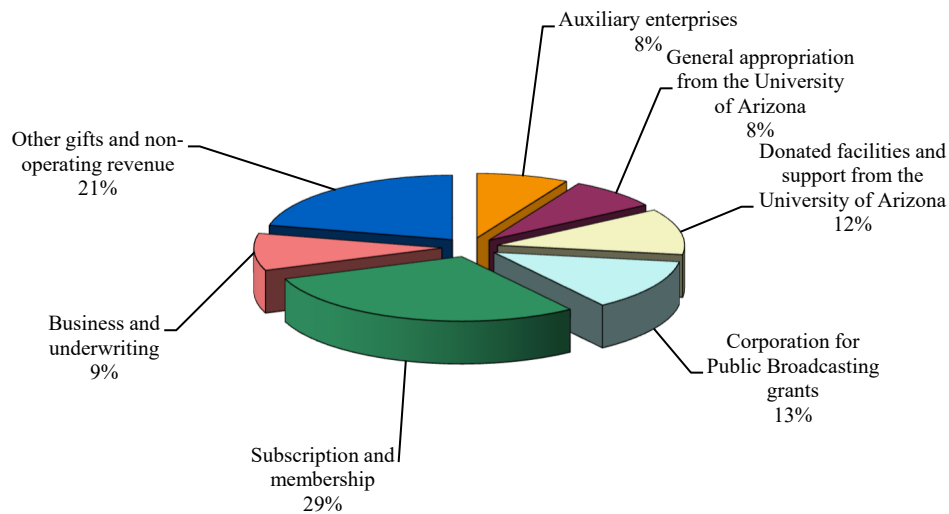
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

YEARS ENDED JUNE 30, 2021 AND 2020

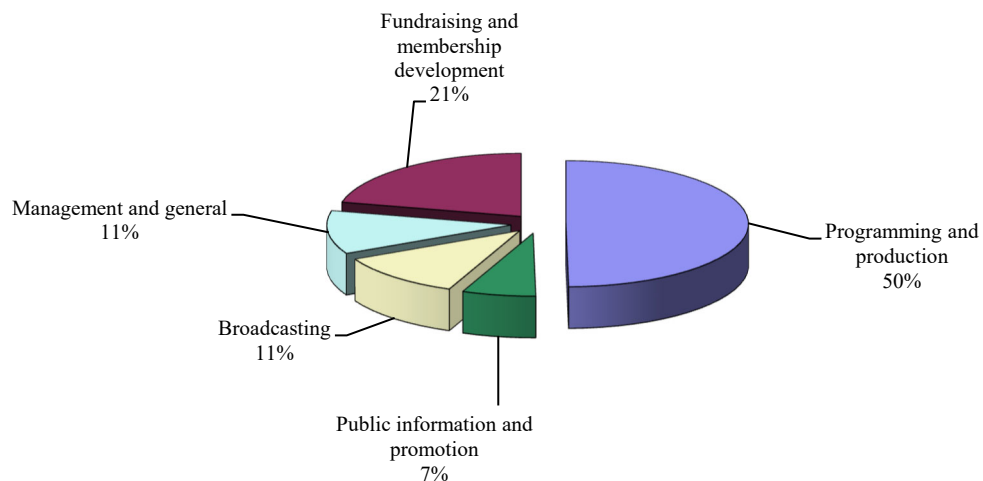
CONDENSED FINANCIAL STATEMENT INFORMATION (CONTINUED)

The following graphs illustrate the operating and non-operating revenues and expenses for the year ended June 30, 2020.

Operating and Non-operating Revenues



Operating and Non-operating Expenses



Basic Financial Statements

ARIZONA PUBLIC MEDIA
(A Division of the University of Arizona)

STATEMENTS OF NET POSITION

JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current assets:		
Cash and cash equivalents	\$ 28,412,422	\$ 24,199,530
Accounts receivable, net	1,392,381	1,301,678
Prepaid expenses	<u>148,404</u>	<u>180,836</u>
Total current assets	29,953,207	25,682,044
Capital assets, net	1,711,292	1,731,192
Endowment investments	5,781,701	3,465,983
Other assets	<u>23,231</u>	<u>500</u>
Total assets	37,469,431	30,879,719
Deferred outflows of resources:		
Deferred outflows related to pensions	913,998	668,162
Deferred outflows related to OPEB	<u>620,065</u>	<u>470,988</u>
Total deferred outflows of resources	<u>1,534,063</u>	<u>1,139,150</u>
Total assets and deferred outflows of resources	<u>\$ 39,003,494</u>	<u>\$ 32,018,869</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current liabilities:		
Accounts payable	\$ 141,613	\$ 111,506
Accrued expenses and other liabilities	805,089	715,688
Unearned revenue	11,333	35,333
Current portion of defined contribution plans liability	<u>-</u>	<u>28,868</u>
Total current liabilities	958,035	891,395
Defined contribution plans liability, net of current portion	31,248	19,752
Net pension liability	4,739,086	4,319,354
Net OPEB liability	<u>2,098,535</u>	<u>1,746,439</u>
Total liabilities	7,826,904	6,976,940
Deferred inflows of resources:		
Deferred inflows related to pensions	149,665	270,619
Deferred inflows related to OPEB	<u>200,867</u>	<u>243,281</u>
Total deferred inflows of resources	<u>350,532</u>	<u>513,900</u>
Commitments and contingencies		
Net position:		
Investment in capital assets	1,711,292	1,731,192
Restricted:		
Nonexpendable - endowments	4,134,408	2,123,057
Expendable - station programs/projects	1,845,368	1,692,232
Unrestricted	<u>23,134,990</u>	<u>18,981,548</u>
Total net position	<u>30,826,058</u>	<u>24,528,029</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 39,003,494</u>	<u>\$ 32,018,869</u>

See notes to financial statements.

ARIZONA PUBLIC MEDIA
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STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Grants and contracts	\$ 5,000	\$ 27,711
Auxiliary enterprises	<u>960,502</u>	<u>1,146,479</u>
Total operating revenues	<u>965,502</u>	<u>1,174,190</u>
Operating expenses:		
Program services:		
Programming and production	6,128,250	6,245,949
Broadcasting	1,408,589	1,421,618
Public information and promotion	661,145	810,637
Support services:		
Management and general	1,465,776	1,391,702
Fundraising and membership development	<u>2,639,194</u>	<u>2,680,378</u>
Total operating expenses	<u>12,302,954</u>	<u>12,550,284</u>
Operating loss	<u>(11,337,452)</u>	<u>(11,376,094)</u>
Nonoperating revenues:		
General appropriation from the university	962,852	1,142,465
Donated facilities and administrative support from the university	1,653,676	1,672,392
Corporation for Public Broadcasting grants	2,789,114	1,866,982
Subscription and membership income	4,612,254	4,223,261
Business and underwriting	1,029,467	1,343,905
Legacies and bequests	3,194,026	2,833,533
Other gifts and contributions	1,444,253	61,465
Investment income (loss), net	1,128,772	(131,214)
Other nonoperating revenues	<u>286,067</u>	<u>306,815</u>
Nonoperating revenues	<u>17,100,481</u>	<u>13,319,604</u>
Increase in net position before capital additions	5,763,029	1,943,510
Capital grants, gifts and conveyances	<u>535,000</u>	<u>53,000</u>
Increase in net position	6,298,029	1,996,510
Net position, beginning of year	<u>24,528,029</u>	<u>22,531,519</u>
Net position, end of year	<u>\$ 30,826,058</u>	<u>\$ 24,528,029</u>

See notes to financial statements.

ARIZONA PUBLIC MEDIA
(A Division of the University of Arizona)

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Grants and contracts receipts	\$ 5,000	\$ 27,711
Auxiliary enterprise receipts	945,925	1,045,607
Payments for salaries, wages and benefits	(5,322,620)	(5,558,078)
Payments to suppliers	<u>(4,742,574)</u>	<u>(4,619,296)</u>
Net cash used in operating activities	<u>(9,114,269)</u>	<u>(9,104,056)</u>
Cash flows from noncapital financing activities:		
General appropriations from the university	962,852	1,142,465
Corporation for Public Broadcasting grants	2,789,114	1,866,982
Gifts and grants for other than capital purposes	<u>9,090,514</u>	<u>8,699,546</u>
Net cash provided by noncapital financing activities	<u>12,842,480</u>	<u>11,708,993</u>
Cash flows from capital financing activities:		
Capital grants and gifts received	535,000	53,000
Purchases of capital assets	<u>(238,800)</u>	<u>(26,927)</u>
Net cash provided by capital financing activities	<u>296,200</u>	<u>26,073</u>
Cash flows from investing activities:		
Interest and dividends on investments	<u>188,481</u>	<u>203,057</u>
Net cash provided by investing activities	<u>188,481</u>	<u>203,057</u>
Net increase in cash and cash equivalents	4,212,892	2,834,067
Cash and cash equivalents, beginning	<u>24,199,530</u>	<u>21,365,463</u>
Cash and cash equivalents, ending	<u><u>\$ 28,412,422</u></u>	<u><u>\$ 24,199,530</u></u>

See notes to financial statements.

ARIZONA PUBLIC MEDIA
(A Division of the University of Arizona)

STATEMENTS OF CASH FLOWS (CONTINUED)

YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	<u>\$ (11,337,452)</u>	<u>\$ (11,376,094)</u>
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	258,700	305,422
Donated facilities and administrative support	1,653,676	1,672,392
Changes in operating assets and liabilities:		
Accounts receivable	9,423	(76,872)
Prepaid expenses	9,701	(4,591)
Accounts payable	30,107	(55,124)
Accrued expenses and other liabilities	89,401	105,316
Defined contribution plans liability	(17,372)	12,731
Unearned revenue	(24,000)	(24,000)
Deferred outflows of resources related to pensions	(245,836)	48,280
Deferred inflows of resources related to pensions	(120,954)	(204,241)
Net pension liability	419,732	372,142
Deferred outflows of resources related to OPEB	(149,077)	(398,634)
Deferred inflows of resources related to OPEB	(42,414)	(59,214)
Net OPEB liability	<u>352,096</u>	<u>578,431</u>
Total adjustments	<u>2,223,183</u>	<u>2,272,038</u>
Net cash used in operating activities	<u>\$ (9,114,269)</u>	<u>\$ (9,104,056)</u>
Supplemental noncash transactions:		
Unrealized net gains in fair value of investments:		
Quasi-endowments	\$ 304,367	\$ (140,057)
Endowments	635,924	(194,214)

See notes to financial statements.

ARIZONA PUBLIC MEDIA
(A Division of the University of Arizona)

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

1. Description of organization and summary of significant accounting policies:

Description of business:

The accounting policies of Arizona Public Media (AZPM or the Organization) conform to accounting principles generally accepted in the United States of America (GAAP) applicable to governmental colleges and universities engaged in business-type activities as promulgated by the Governmental Accounting Standards Board (GASB) and the Financial Reporting Guidelines published by the Corporation for Public Broadcasting (CPB), unless those pronouncements conflict with GASB pronouncements.

Reporting entity:

Arizona Public Media is a division of the University of Arizona (the university), which is provided as a community service. KUAT-TV, KUAT-FM, KUAS-FM and KUAZ/KUAZ-FM (the Stations) are licensed by the Federal Communication Commission (FCC) as noncommercial, educational broadcasting stations. For financial statement purposes, KUAT-TV includes KUAT-TV, KUAS-TV, KUAT-DT, and KUAS-DT, and also provides a production and distribution service, which operates a Broadband Radio Service (BRS), an Education Broadband Service (EBS) and a Multipoint Distribution System (MDS) in conjunction with satellite, microwave and internet services to provide instructional and educational programming services.

The financial statements include all funds directly controlled by Arizona Public Media. Fiscal responsibility remains with the university.

Basis of accounting:

The basis of accounting relates to the timing of the measurements made and determines when revenues and expenses are recognized in the accounts and reported in the financial statements. The financial statements of AZPM are reported using the economic resources measurement focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. All interdepartmental activity is eliminated.

Estimates and assumptions:

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

Financial statement presentation:

The financial statements include Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position and Statements of Cash Flows.

**ARIZONA PUBLIC MEDIA
(A Division of the University of Arizona)**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2021 AND 2020

1. Description of organization and summary of significant accounting policies (continued):

Financial statement presentation (continued):

The Statements of Net Position provide information about the assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at the end of the year. Assets and liabilities are classified as either current or noncurrent. Deferred outflows/inflows of resources are resources that will be consumed or acquired in a future reporting period. Net position is classified according to external restrictions or availability of assets to satisfy obligations. Investment in capital assets represents the cost of capital assets, net of accumulated depreciation. Nonexpendable restricted net position represents gifts received for endowment purposes, the corpus of which may not be expended. Expendable restricted net position represent grants, contracts, gifts and other resources that have been externally restricted for specific purposes. Unrestricted net position includes the remaining amounts of net position, including those that have been designated by management to be used for other than general operating purposes.

The Statements of Revenues, Expenses and Changes in Net Position provide information about AZPM's financial activities during the year. Revenues and expenses are classified as either operating or nonoperating and all changes in net position are reported, including capital contributions and additions to endowments. Generally, revenues generated by AZPM for services are considered to be operating revenues. Other revenues, such as university appropriations and gifts, are not considered generated from operations and are reported as nonoperating revenues. Operating expenses include the gain (loss) on disposal of capital assets.

The Statements of Cash Flows provide information about AZPM's sources and uses of cash and cash equivalents during the year. Increases and decreases in cash and cash equivalents are classified as operating, noncapital financing, capital financing or investing activities.

Cash and cash equivalents:

The Organization's cash and cash equivalents are held by the university and by the University of Arizona Foundation (the foundation).

Funds held by the University of Arizona:

The university acts as a collection and disbursement agent on behalf of AZPM. Funds held by the university represent the excess of cash collected over cash disbursed and are due on demand. Therefore, these amounts are considered cash and cash equivalents for purposes of reporting cash flows.

Under Arizona state law and Board of Regents' policies, the university may invest its pooled operating funds in collateralized time certificates of deposit and repurchase agreements with commercial banks, United States treasury securities and other federal agency securities or in the government investment pool administered by the State Treasurer's office. Arizona Revised Statutes requires collateral for deposits at 102 percent of all deposits of the university not covered by federal deposit insurance.

ARIZONA PUBLIC MEDIA
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2021 AND 2020

1. Description of organization and summary of significant accounting policies (continued):

Funds held by the University of Arizona Foundation:

Amounts on deposit with the foundation are cash collected and invested for AZPM by the foundation. The balance is due to AZPM on demand. Therefore, these amounts are considered cash and cash equivalents for purposes of reporting cash flows.

The foundation invests such funds in a combination of fixed income securities, government obligations, treasury obligations, cash and cash equivalents, and other federal agency obligations in order to achieve a diversified portfolio.

Fair value measurements:

Fair value is defined as the price to sell an asset between market participants in an orderly exchange in the principal or most advantageous market for that asset. Mutual funds are valued at quoted market prices. The fair value for the commingled funds and qualifying alternative investments is determined based on the investment's net asset value as a practical expedient. Considerable judgment is required in interpreting market data used to develop the estimates of fair value. Accordingly, the estimates presented in the financial statements are not necessarily indicative of the amounts that could be realized in a current market exchange. The use of different market assumptions and estimation methodologies may have a material effect on the estimated fair value.

Accounts receivable:

Accounts receivable consist primarily of pledge receivables and are recognized as revenues in the period the promise is received. Conditional promises to give are recognized when the conditions on which they depend on are substantially met. Unconditional promises to give are recorded at net realizable value.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. The allowance for doubtful accounts is based on management's assessment of the collectibility of specific doubtful accounts and the aging of accounts receivable. Receivables are written off when deemed uncollectible. The Organization has recorded allowances for doubtful accounts of \$278,500 and \$248,180 at June 30, 2021 and 2020.

Endowment investments:

Endowment assets have been donated to AZPM and are permanently restricted by the donor. Endowment assets are held and invested by the university and foundation in an external investment pool at June 30, 2021 and 2020. At June 30, 2021 and 2020, the external investment pool invests in a variety of asset classes, including common stocks, fixed income, foreign investments, private equity and hedge funds. At June 30, 2021 and 2020, the weighted average maturity of investments was approximately four years. The investment pools are not rated.

ARIZONA PUBLIC MEDIA
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2021 AND 2020

1. Description of organization and summary of significant accounting policies (continued):

Endowment investments (continued):

Investments are carried at fair value and realized and unrealized gains and losses are reflected as nonoperating revenues and expenses in the Statements of Revenues, Expenses and Changes in Net Position.

The following is the spending policy for investments held at the university: Arizona State law permits the university to expend the entire net appreciation of endowment fund investments. The foundation's Investments Committee is responsible for oversight of the Pool. For fiscal year 2021, the expendable rate was established at 4% based on a twelve-quarter rolling average fair value of principal account balances as of December 31, 2020.

The following is the spending policy for investments held at the foundation: the foundation's policy is to payout a percentage of the average fair value of the corpus of an endowment at the calendar year-end of the three previous years. When determining the payout rate for endowment funds, the Investment Committee considers actual return on the investments, current payout rate, payout rates established by other university endowments and general economic conditions. For fiscal year 2021, the payout rate was established at 4%.

Capital assets, net:

Capital assets, which include transmission, antenna, tower, studio, equipment and furniture, fixtures and equipment are reported in the financial statements. Capital assets are defined as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost, if actual cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Transmission, antenna and tower	15 years
Studio, equipment and furniture, fixtures and equipment (FF&E)	5 - 7 years

Estimated useful lives of assets outside of the above classes are based on their estimated useful lives. Interest is capitalized in connection with the construction of major facilities. Capitalized interest is recorded as part of the asset to which it relates and is amortized over the asset's estimated useful life.

ARIZONA PUBLIC MEDIA
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2021 AND 2020

1. Description of organization and summary of significant accounting policies (continued):

Compensated absences:

Compensated absences and compensatory time is earned by employees based on services already rendered and can be accumulated to a specified maximum number of days. Accordingly, these benefits are accrued as a liability in the financial statements for the maximum number of days. Upon termination or retirement, a set number of accrued vacation and compensatory hours will be paid to employees.

Deferred outflows and inflows of resources:

The Statements of Net Position includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods that will be recognized as an expense in future periods. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will be recognized as a revenue in future periods.

Postemployment benefits:

For purposes of measuring the net pension and other postemployment benefits (OPEB) liabilities or assets, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The plan's investments are reported at fair value.

Revenues and support recognition:

Federal grants, contracts and appropriations and nongovernmental grants and contracts are accounted for as exchange transactions and are recorded as operating revenue when earned. Advances in excess of costs incurred under grants and contracts are deferred and recognized as revenue when the related expense is incurred.

Auxiliary enterprise revenue results mainly from the sale of production services, lease of broadcast rights and video sales of programming. In addition, AZPM leases certain excess capacity EBS and MDS frequencies and other spectrum to third parties. All such revenue is reported as operating revenues when services have been provided or products have been shipped.

As a division of the University of Arizona, AZPM receives an annual appropriation from the university. The appropriation is reported as nonoperating revenue in the year appropriated.

Subscription and membership income are considered unconditional promises to give and are reported as unrestricted nonoperating revenues in the period the pledge is made. An allowance is made for uncollectible accounts.

ARIZONA PUBLIC MEDIA
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2021 AND 2020

1. Description of organization and summary of significant accounting policies (continued):

Revenues and support recognition (continued):

Revenue related to program underwriting is recognized as unrestricted nonoperating revenue in the period the agreement is executed.

Other gifts received for the purpose of supporting programming costs are recognized as nonoperating revenues in the period the promise to give is made. CPB funding is contingent on certain performance factors and, as a result, is recognized as unrestricted nonoperating revenue in the year received. Other gifts are considered to be unrestricted unless specifically restricted by the donor. AZPM records donor-restricted gifts that have not been expended in the current year as restricted net position.

Indirect administrative support from the university consists of allocated institutional support incurred by various other divisions of the university for which AZPM receives benefits. The fair value of this support is recognized in the Statements of Revenues, Expenses and Changes in Net Position as donated facilities and administrative support from the university and also as an expense. For the year ended June 30, 2021 and 2020, indirect support was calculated using the Standard Method. The rate is calculated by dividing the university's indirect costs by its direct costs.

Functional allocation of expenses:

Expenses that can be identified with a specific program of supporting service are charged directly to the program according to their natural expense classification. Costs incurred that share a common purpose are allocated based on total personnel costs or other systematic bases.

Income taxes:

The university is tax exempt as an integral part of the State of Arizona and exempt from federal income tax when engaging in activities related to the exempt purpose of state colleges and universities to include: research and discovery, teaching and learning, outreach and public service, and fostering national or international amateur sports competition. However, the university is not exempt from income tax imposed on activities that are substantially unrelated to those exempt purposes. Management is not aware of any activities conducted by AZPM that are subject to unrelated business income tax. Accordingly, no provision is made for income taxes in the accompanying financial statements.

Subsequent events:

The Organization's management has evaluated the events that have occurred subsequent to June 30, 2021 through November 29, 2021, the date that the financial statements were available to be issued. Management has no responsibility to update these financial statements for events and circumstances occurring after this date.

ARIZONA PUBLIC MEDIA
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2021 AND 2020

2. Cash and cash equivalents and endowment investments:

The Organization's cash and cash equivalents and investments consist of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents		
Held by the University of Arizona	\$ 18,603,382	\$ 15,964,806
Held by the University of Arizona Foundation	<u>9,809,040</u>	<u>8,234,724</u>
	<u>\$ 28,412,422</u>	<u>\$ 24,199,530</u>
Endowment investments:		
Endowment held by the University of Arizona	\$ 2,259,797	\$ 1,431,378
Endowment held by the University of Arizona Foundation	<u>3,521,904</u>	<u>2,034,605</u>
	<u>\$ 5,781,701</u>	<u>\$ 3,465,983</u>

AZPM's cash and investments held with the foundation represent a portion of the foundation's investment pool portfolio; however, AZPM's portion is not identified with specific investments. The University of Arizona Foundation's pool invests in U.S. Treasury, U.S. agencies, mutual funds, certificates of deposit, and corporate bonds and equities. A summary of the university's risk policies for deposits and investments follows:

Interest rate risk:

The university does not have a formal policy for interest rate risk.

Custodial credit risk deposits:

In the case of deposits, this is the risk that in the event of bank failure, AZPM's deposits may not be returned. University policy for its operating funds requires all repurchase agreements to be collateralized with government debt securities or cash balances held in the comptroller's demand account. Beyond this requirement and those established by Statute or the Board, the university does not have a policy that specifically addresses custodial risk.

Credit risk:

With regard to credit risk, university policy restricts investment of the operating funds to certificates of deposit and collateralized repurchase agreements, U.S. Treasury securities, federal agency securities, investment grade corporate bonds or the government investment pool administered by the State Treasurer's Office. When investing operating funds, university policy requires corporate bonds and notes to be of investment grade quality, rated Baa or higher by Moody's Investors Service, at the time of purchase.

ARIZONA PUBLIC MEDIA
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2021 AND 2020

2. Cash and cash equivalents and endowment investments (continued):

Credit risk (continued):

The university does not have a formal policy that specifically addresses credit risk over endowment funds. AZPM endowment funds are held in the Foundation's Endowment Pool, which is not rated. The Foundation's Investment Committee manages the credit risk of the Pool's investments.

Concentration of credit risk:

Other than U.S. Treasury securities and other federal agency securities, which can represent greater than 5% of total investments, university policy limits investment in a single issuer to 5% or less of the fair value of the total portfolio. Except for U.S. Treasury securities, the university does not have an investment in any single issuer that exceeds 5% of the overall portfolio.

3. Fair value measurements:

The Organization measures and categorizes its investments using fair value measurement guidelines established by GAAP. These guidelines establish a three-tier hierarchy of inputs to valuation techniques used to measure fair value, as follows:

Level 1 - Inputs are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs, other than quoted market prices included within Level 1, are observable, either directly or indirectly.

Level 3 - Inputs are unobservable and significant to the fair value measurement.

Other investments at fair value - Investments for which fair value is measured using the practical expedient, net asset value per share (or its equivalent). Due to the inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had a ready market for these investments existed. Investments that are included in this category generally include private fund investment structures and limited party interest, without quoted prices.

ARIZONA PUBLIC MEDIA
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2021 AND 2020

3. Fair value measurements (continued):

At June 30, 2021, the fair value of assets measured on a recurring basis is as follows:

	<u>Fair value</u>	<u>Other investments at fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
External investment pools:					
Endowment held by University of Arizona	\$ 2,259,797	\$ 2,259,797	\$ -	\$ -	\$ -
Endowment held by the University of Arizona Foundation	<u>3,521,904</u>	<u>3,521,904</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 5,781,701</u></u>	<u><u>\$ 5,781,701</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

At June 30, 2020, the fair value of assets measured on a recurring basis is as follows:

	<u>Fair value</u>	<u>Other investments at fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
External investment pools:					
Endowment held by University of Arizona	\$ 1,431,378	\$ 1,431,378	\$ -	\$ -	\$ -
Endowment held by the University of Arizona Foundation	<u>2,034,605</u>	<u>2,034,605</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 3,465,983</u></u>	<u><u>\$ 3,465,983</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The fair value of a participant's portion in the University of Arizona and University of Arizona Foundation's investment pools approximates the value of that participant's pool shares and the participant's shares are not identified with specific investments. The investment pool is not registered with the Securities and Exchange Commission as an investment company and there is no regulatory oversight of its operations. There are no unfunded commitments or redemption restrictions related to these investments.

The University of Arizona and University of Arizona Foundation's investment pool invests primarily in U.S. Treasury, U.S. agencies, mutual funds, certificates of deposit, and corporate bonds and equities.

ARIZONA PUBLIC MEDIA
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2021 AND 2020

4. Accounts receivable, net:

	June 30, 2021				June 30, 2020
	KUAT-TV	KUAT-FM	KUAZ	Total	Total
Subscription and membership	\$ 762,290	\$ 123,624	\$ 291,563	\$ 1,177,477	\$ 1,050,581
Underwriting and business	107,461	23,835	282,753	414,049	407,762
Auxiliary enterprises	79,280	23	52	79,355	91,515
	949,031	147,482	574,368	1,670,881	1,549,858
Less allowance for doubtful accounts	184,255	27,524	66,721	278,500	248,180
	<u>\$ 764,776</u>	<u>\$ 119,958</u>	<u>\$ 507,647</u>	<u>\$ 1,392,381</u>	<u>\$ 1,301,678</u>

5. Capital assets, net:

	June 30, 2020	Additions	Retirements	June 30, 2021
Transmission, antenna and tower	\$ 3,284,152	\$ 80,611	\$ -	\$ 3,364,763
Studio, equipment, FF&E	6,670,831	158,189	-	6,829,020
Total depreciable capital assets	9,954,983	238,800	-	10,193,783
Less accumulated depreciation:				
Transmission, antenna and tower	2,709,425	77,904	-	2,787,329
Studio, equipment, FF&E	5,514,366	180,796	-	5,695,162
Total accumulated depreciation	8,223,791	258,700	-	8,482,491
Capital assets, net	<u>\$ 1,731,192</u>	<u>\$ (19,900)</u>	<u>\$ -</u>	<u>\$ 1,711,292</u>

	June 30, 2019	Additions	Retirements	June 30, 2020
Transmission, antenna and tower	\$ 3,284,152	\$ -	\$ -	\$ 3,284,152
Studio, equipment, FF&E	6,818,571	26,927	(174,667)	6,670,831
Total depreciable capital assets	10,102,723	26,927	(174,667)	9,954,983
Less accumulated depreciation				
Transmission, antenna and tower	2,635,986	73,439	-	2,709,425
Studio, equipment, FF&E	5,457,050	231,983	(174,667)	5,514,366
Total accumulated depreciation	8,093,036	305,422	(174,667)	8,223,791
Capital assets, net	<u>\$ 2,009,687</u>	<u>\$ (278,495)</u>	<u>\$ -</u>	<u>\$ 1,731,192</u>

ARIZONA PUBLIC MEDIA
(A Division of the University of Arizona)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2021 AND 2020

5. Capital assets, net (continued):

Depreciation expense totaled \$258,700 and \$305,422 for the years ended June 30, 2021 and 2020 and has been included in program services.

6. Restrictions on net position:

AZPM receives grants and funding from various sources to be used for operations, production and promotion of certain activities. A summary of the nonexpendable and expendable restricted net position as of June 30, 2021 and 2020 is as follows:

	<u>KUAT-TV</u>	<u>KUAT-FM</u>	<u>KUAZ</u>	<u>June 30, 2021 Total</u>	<u>June 30, 2020 Total</u>
Nonexpendable endowments:					
Radio Production - NEA Challenge	\$ -	\$ 250,115	\$ 250,115	\$ 500,230	\$ 407,804
Bashevdivin Endowment	11,145	-	-	11,145	8,930
Gordon Endowment	29,254	-	-	29,254	23,848
Shandell Endowment	1,072,018	-	-	1,072,018	873,943
Raney Endowment	165,123	82,561	82,561	330,245	271,207
Hildebrand Endowment	-	182,209	-	182,209	128,338
Schmidt Endowment	6,375	3,188	3,188	12,751	10,395
Smith Endowment	-	112,108	-	112,108	91,394
Leedy Endowment	104,316	15,850	38,335	158,501	129,216
Koffler Endowment	2,747	1,374	1,374	5,495	4,308
Molter Endowment	35,187	5,252	12,079	52,518	30,380
Green Endowment	-	87,886	87,886	175,772	143,294
Bolton Endowment	503,795	-	-	503,795	-
Arizona Public Media Endowment	<u>662,205</u>	<u>98,837</u>	<u>227,325</u>	<u>988,367</u>	<u>-</u>
	<u>2,592,165</u>	<u>839,380</u>	<u>702,863</u>	<u>4,134,408</u>	<u>2,123,057</u>

ARIZONA PUBLIC MEDIA
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2021 AND 2020

6. Restrictions on net position (continued):

	KUAT-TV	KUAT-FM	KUAZ	June 30, 2021 Total	June 30, 2020 Total
Expendable - station programs/projects:					
Project reporter	281,348	-	-	281,348	309,065
Local production	1,193,117	-	-	1,193,117	1,192,831
Student support	70,270	10,488	24,122	104,880	86,080
Educational outreach	6,585	-	-	6,585	3,652
Great Voices Radio Series support	-	9,323	-	9,323	9,323
Program acquisition/production	5,000	3,517	3,517	12,034	8,830
Operational support excluding administrative costs	36,451	-	-	36,451	36,451
Capital project	<u>129,031</u>	<u>-</u>	<u>72,599</u>	<u>201,630</u>	<u>46,000</u>
	<u>1,721,802</u>	<u>23,328</u>	<u>100,238</u>	<u>1,845,368</u>	<u>1,692,232</u>
	<u>\$ 4,313,967</u>	<u>\$ 862,708</u>	<u>\$ 803,101</u>	<u>\$ 5,979,776</u>	<u>\$ 3,815,289</u>

7. Investment income (loss), net:

A summary of investment income (loss) by station at June 30 is as follows:

	KUAT-TV	KUAT-FM	KUAZ	June 30, 2021 Total	June 30, 2020 Total
Interest and dividends	\$ 121,367	\$ 42,020	\$ 25,094	\$ 188,481	\$ 203,057
Net unrealized gain	<u>602,855</u>	<u>213,761</u>	<u>123,675</u>	<u>940,291</u>	<u>(334,271)</u>
	<u>\$ 724,222</u>	<u>\$ 255,781</u>	<u>\$ 148,769</u>	<u>\$ 1,128,772</u>	<u>\$ (131,214)</u>

8. Related party transactions:

AZPM receives a portion of its revenues and support from the university in the form of a general appropriation for operation purposes totaling \$962,852 and \$1,142,465 for the years ended June 30, 2021 and 2020.

ARIZONA PUBLIC MEDIA
(A Division of the University of Arizona)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2021 AND 2020

8. Related party transactions (continued):

AZPM receives administrative support from the university in the form of legal and accounting services, use of facilities, repairs and maintenance, and other administrative support. In addition, facilities not directly related to AZPM stations are owned by the university and used by AZPM. The indirect support value is calculated based on the Standard Method developed by the Corporation for Public Broadcasting. The indirect support, recorded in nonoperating revenues, totaled \$1,653,676 and \$1,672,392 for the years ended June 30, 2021 and 2020.

9. Contingencies:

AZPM is subject to audit by its funding agencies. During 2018, AZPM was audited by CPB for the period from July 1, 2014 to June 30, 2016. The outcome of the audit resulted in an immaterial refund due to CPB. Contingent liabilities to other funding agencies, if any, have not been determined at June 30, 2021 and 2020. AZPM's management believes that no such liabilities exist at June 30, 2021 and 2020.

10. Retirement plans:

As part of the university, AZPM participates in a cost-sharing, multiple-employer defined benefit pension plan and two defined contribution pension plans.

Defined benefit plan:

The Arizona State Retirement System (ASRS) administers a cost-sharing multiple-employer defined benefit pension plan. Full benefit eligible Classified Staff are required, and full benefit eligible AZPM professionals have the option to participate in the ASRS defined benefit plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 2 and 2.1. ASRS is a component unit of the State of Arizona. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. That report may be obtained by visiting www.azasrs.gov.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2021 AND 2020

10. Retirement plans (continued):

Defined benefit plan (continued):

Benefits provided - The ASRS provides retirement and survivor benefits. State statute establishes benefits terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Initial membership date:	
	Before July 1, 2011	On or after July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years, age 62 5 years, age 50* any years, age 65	30 years, age 55 25 years, age 60 10 years, age 62 5 years, age 50* any years, age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%
*with actuarially reduced benefits		

Retirement benefits for members, who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earning. Members with a membership date on or after September 13, 2013 are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the retirement option chosen determines the survivor benefit. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Contributions - In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability.

For the years ended June 30, 2021 and 2020, statute required active ASRS members to contribute at the following actuarially determined rates on members' annual covered payroll:

	2021	2020
Employee contribution rate	12.04 %	11.94 %
Employer contribution rate	11.65 %	11.45 %

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2021 AND 2020

10. Retirement plans (continued):

Defined benefit plan (continued):

In addition, the university/AZPM was required by statute to contribute for retired members who worked for the university/AZPM in positions that would typically be filled by an employee who contributes to the ASRS. For the years ended June 30, 2021 and 2020, the actuarial determined rates on retired members' annual covered payroll were as follows:

	<u>2021</u>	<u>2020</u>
Employer contribution rate	10.14 %	10.29 %

AZPM's contributions to the pension plan for the years ended June 30, 2021 and 2020 were \$343,223 and \$342,181.

Pension liability - At June 30, 2021 and 2020, AZPM reported a liability of \$4,739,086 and \$4,319,354 for its proportionate share of the ASRS' net pension liability. The 2021 net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined using updated procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2019 to the measurement date of June 30, 2020. The 2020 net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined using updated procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2018 to the measurement date of June 30, 2019.

AZPM's proportion of the net pension liability was based on AZPM's actual contributions to the plan relative to the total of the university's contributions. The university's contributions for the years measured as of June 30, 2020 and 2019 was 4.06% and 4.28% of the total of all participating employer's contributions (increase of 0.22%). AZPM's proportion measured as of June 30, 2020 and 2019 was 0.67% and 0.69% of the total university's contribution (decrease of 0.02%).

Pension expense and deferred outflows/inflows of resources - For the years ended June 30, 2021 and 2020, AZPM recognized pension expense for ASRS of \$52,942 and \$216,181. At June 30, 2021 and 2020, AZPM reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2021 AND 2020

10. Retirement plans (continued):

Defined benefit plan (continued):

	June 30, 2021		June 30, 2020	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 42,874	\$ -	\$ 78,029	\$ 812
Net difference between projected and actual earnings on pension plan investments	457,093	-	-	97,082
Changes in assumptions	-	-	18,255	172,004
Changes in proportion and differences between employer contributions and proportionate share of contributions	70,808	149,665	229,697	721
Contributions subsequent to the measurement date	<u>343,223</u>	<u>-</u>	<u>342,181</u>	<u>-</u>
	<u>\$ 913,998</u>	<u>\$ 149,665</u>	<u>\$ 668,162</u>	<u>\$ 270,619</u>

The \$343,223 reported as deferred outflows of resources related to ASRS pensions resulting from AZPM's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Years ending
June 30,

2022	\$ 45,126
2023	69,270
2024	165,334
2025	141,380
2026	-

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2021 AND 2020

10. Retirement plans (continued):

Defined benefit plan (continued):

Actuarial assumptions - The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2019
Actuarial roll forward date	June 30, 2020
Actuarial cost method	Entry age normal
Investment rate of return	7.5%
Projected salary increases	2.7% - 7.2%
Inflation	2.3%
Permanent benefit increase	Included
Mortality rates	2017 SRA Scale U-MP

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on ASRS pension plan investments was determined to be 7.5% using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected geometric real rate of return</u>
Equity	50 %	6.39 %
Fixed Income - Credit	20 %	5.44 %
Fixed Income - Interest rate sensitive	10 %	0.22 %
Real estate	20 %	5.85 %
	<u>100 %</u>	

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2021 AND 2020

10. Retirement plans (continued):

Defined benefit plan (continued):

Discount rate - At June 30, 2020 and 2019, the discount rate used to measure the ASRS total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the AZPM's proportionate share of the ASRS net pension liability to changes in the discount rate - The following table presents the AZPM's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what AZPM's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower 6.5% or 1 percentage point higher 8.5% than the current rate:

	1% decrease 6.5%	Current discount rate 7.5%	1% increase 8.5%
AZPM's proportionate share of the net pension liability at June 30, 2021	<u>\$ 6,480,638</u>	<u>\$ 4,739,086</u>	<u>\$ 3,283,237</u>
AZPM's proportionate share of the net pension liability at June 30, 2020	<u>\$ 6,147,435</u>	<u>\$ 4,319,354</u>	<u>\$ 2,791,543</u>

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2021 AND 2020

10. Retirement plans (continued):

Defined contribution plans:

Plan description - In accordance with ARS §15-1628, defining the authority under which benefit terms are established or may be amended, university staff, faculty, academic professionals, and administrative officers have the option to participate in defined contribution pension plans. For the years ended June 30, 2021 and 2020, plans offered by the Teachers Insurance Annuity Association/College Retirement Equities Fund (TIAA/CREF) and Fidelity Investments Tax-Exempt Services Company (Fidelity) were approved by the Arizona Board of Regents. Benefits under these plans depend solely on the contributed amounts and the returns earned on investments of those contributions. Contributions made by members vest immediately; university contributions vest after five years of full-time employment. Nonvested contributions held by the university earn interest. Member and university contributions and associated returns earned on investments may be withdrawn upon termination of employment, death or retirement. The distribution of member contributions and associated investment earnings are made in accordance with the member's contract with the applicable insurance and annuity companies.

Funding policy - The Arizona State Legislature establishes the contribution rates for active plan members and the university/AZPM. For the years ended June 30, 2021 and 2020, plan members and the university/AZPM were each required by statute to contribute an amount equal to 7% of a member's compensation.

Pension liability - At June 30, 2021 and 2020, AZPM reported a liability of \$31,248 and \$48,620 for nonvested defined contributions. If individuals terminate employment prior to vesting, any nonvested university/AZPM contributions are retained by the university/AZPM.

Pension expense - For the years ended June 30, 2021 and 2020, AZPM recognized pension expense for Defined Contribution Plans of \$66,355 and \$63,247. For the years ended June 30, 2021 and 2020, no forfeitures were utilized to reduce AZPM's pension expense.

11. Other post-employment benefits (OPEB):

Other postemployment benefits (OPEB) provided as part of the university/AZPM employment include the Arizona Department of Administration (ADOA) sponsored single-employer defined benefit postemployment plan, as well as the ASRS sponsored cost-sharing, multi-employer defined benefit plan for the Long-Term Disability Fund and the Health Benefit Supplement Fund. Although an ASRS net OPEB liability has been recorded at June 30, 2021, this plan has not been further disclosed due to the relative insignificance to AZPM's financial statements.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2021 AND 2020

11. Other post-employment benefits (OPEB) (continued):

Changes in AZPM's OPEB liability during the year ended June 30, 2021 and 2020 was as follows:

	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 1,746,439	\$ 1,168,008
Increases	352,096	578,431
Decreases	<u>-</u>	<u>-</u>
Ending balance	<u>\$ 2,098,535</u>	<u>\$ 1,746,439</u>

Arizona Department of Administration:

Plan description - The Arizona Department of Administration (ADOA) administers a single-employer defined benefit postemployment plan that provides medical and accident benefits to retired State employees, including university/AZPM employees and their dependents. Title 38, Chapter 4 of the A.R.S. assigns the authority to establish and amend the benefit provisions to the Arizona State Legislature. The ADOA pays the medical costs incurred by retired employees minus a specified premium amount, which is paid for entirely by the retiree or on behalf of the retiree. These premium rates are based on a blend of active employee and retiree experience, resulting in a contribution basis that is lower than the expected claim costs for retirees only, which results in an implicit subsidization of retirees by the State. ADOA does not issue a separate, publicly available financial report.

A portion of the ADOA plan's implicit rate subsidy represents a liability to the university/AZPM for its proportionate share of the total OPEB liability. The total OPEB liability is allocated to the university, and to AZPM, based on its percentage of contributions to the ADOA medical and dental plans.

Benefits Provided - The ADOA provides medical and accident benefits to retired State employees and their dependents. Dental and vision benefits are also available, but are not valued as there is no implicit subsidization in the retiree rates.

Funding policy - The ADOA's current funding policy for the single-employer plan is pay-as-you-go for OPEB benefits. There are no dedicated assets at this time to offset the total OPEB liability.

OPEB Liability - At June 30, 2021 and 2020, AZPM reported a liability of \$2,097,572 and \$1,738,774 for its proportionate share of the ADOA's total OPEB liability. The 2021 total OPEB liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2019. The total OPEB liability as of June 30, 2020, reflects a decrease in the discount rate due to changes in the bond index. The 2020 total OPEB liability was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date. The total OPEB liability as of June 30, 2019 reflects an decrease in the discount rate due to changes in the bond index.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2021 AND 2020

11. Other post-employment benefits (OPEB) (continued):

Arizona Department of Administration (continued):

The university's proportion measured as of June 30, 2020 and 2019, was 19.32% and 19.70% (decrease 0.38%). AZPM's proportion measured as of June 30, 2020 and 2019, was 0.67% and 0.69% of the total university's contribution (decrease of 0.02%).

OPEB Expense and Deferred Outflows/Inflows of Resources - For the years ended June 30, 2021 and 2020, AZPM recognized OPEB expense for ADOA of \$246,714 and \$171,525. At June 30, 2021 and 2020, AZPM reported deferred outflows of resources and deferred inflows of resources related to other postemployment benefits from the following sources:

	June 30, 2021		June 30, 2020	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 39,833	\$ 13,781	\$ 48,537	\$ 18,318
Changes in assumptions	471,178	160,136	318,532	210,838
Changes in proportion and differences between employer contributions and proportionate share of contributions	24,906	-	30,352	-
Benefit payments subsequent to the measurement date	<u>41,580</u>	<u>-</u>	<u>38,890</u>	<u>-</u>
	<u>\$ 577,497</u>	<u>\$ 173,917</u>	<u>\$ 436,311</u>	<u>\$ 229,156</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2021 AND 2020

11. Other post-employment benefits (OPEB) (continued):

Arizona Department of Administration (continued):

The \$41,580 reported as deferred outflows of resources related to ADOA OPEB resulting from AZPM's benefit payments subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ADOA OPEB will be recognized in OPEB expense as follows:

Years ending <u>June 30,</u>	
2022	\$ 43,259
2023	43,252
2024	43,252
2025	67,591
2026	89,207
Thereafter	75,439

Actuarial assumptions - The significant actuarial assumptions used to measure ADOA's total OPEB liability are as follows:

Actuarial valuation date	June 30, 2019
Actuarial cost method	Entry age normal
Salary increase	2.7% to 7.2% varying by years of service
Discount rate	2.45% as of June 30, 202
Healthcare cost trend rates:	
Medical (pre-65)	7.2% declining to 4.25% after 13 years
Medical (post-65)	6.5% declining to 4.25% after 13 years
Administrative costs	3%
Contribution trend rates:	
Pre-65	7.2% declining to 4.25% after 13 years
Post-65	6.5% declining to 4.25% after 13 years
Mortality rates:	
Employees	RP-2014 Active Member Mortality Tables projected generational improvements from 2014 in accordance with the Ultimate MP scales
Healthy retirees and spouses	2017 State Retirees of Arizona Mortality Tables projected generational improvements from 2017 in accordance with the Ultimate MP scales
Disable retirees	RP-2014 Disabled Retiree Mortality Tables projected generational improvements from 2014 in accordance with the Ultimate MP scales

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2021 AND 2020

11. Other post-employment benefits (OPEB) (continued):

Arizona Department of Administration (continued):

Benefit projections assume the specified premium amount will follow the current pattern of practice of being paid for entirely by the retiree or on behalf of the retiree. The specified premium amounts are projected to increase at the contribution trend rates noted above. Actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

Discount rate - The discount rate was based on the Fidelity "20-Year Municipal GO AA Index."

Sensitivity of the AZPM's proportionate share of the ADOA's total OPEB liability - The following table presents the AZPM's proportionate share of the total OPEB liability calculated using the discount rate of 2.45%, as well as what AZPM's proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower 1.45% or 1 percentage point higher 3.45% than the current rate:

	1% decrease 1.45%	Current discount rate 2.45%	1% increase 3.45%
AZPM's proportionate share of the total OPEB liability at June 30, 2021	<u>\$ 2,543,804</u>	<u>\$ 2,097,572</u>	<u>\$ 1,755,246</u>
	1% decrease 2.13%	Current discount rate 3.13%	1% increase 4.13%
AZPM's proportionate share of the total OPEB liability at June 30, 2020	<u>\$ 2,088,143</u>	<u>\$ 1,738,774</u>	<u>\$ 1,468,072</u>

The following table presents the university's proportionate share of the total OPEB liability calculated using the healthcare cost and contribution trend rates stated above, as well as what the university's proportionate share of the total OPEB liability would be if it were calculated using healthcare cost and contribution trend rates that are 1 percentage point lower or 1 percentage point higher than the current rates:

	1% decrease in trend rates	Current trend rate	1% increase in trend rates
AZPM's proportionate share of the total OPEB liability at June 30, 2021	<u>\$ 1,697,020</u>	<u>\$ 2,097,572</u>	<u>\$ 2,635,985</u>
AZPM's proportionate share of the total OPEB liability at June 30, 2020	<u>\$ 1,433,080</u>	<u>\$ 1,738,774</u>	<u>\$ 2,142,875</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2021 AND 2020

12. Individual station financial information:

STATEMENTS OF NET POSITION					
	June 30, 2021				June 30, 2020
	KUAT-TV	KUAT-FM	KUAZ	Combined total	Combined total
Assets and deferred outflows of resources					
Current assets:					
Cash and cash equivalents:					
Funds held by the university	\$ 13,273,621	\$ 1,452,169	\$ 3,877,592	\$ 18,603,382	\$ 15,964,806
Funds held by the foundation	7,082,822	1,068,031	1,658,187	9,809,040	8,234,724
Accounts receivable, net	764,776	119,958	507,647	1,392,381	1,301,678
Prepaid expenses	130,691	3,921	13,792	148,404	180,836
Interfund eliminations (transfers between stations)	(306,159)	(2,543,336)	2,849,495	-	-
Total current assets	20,945,751	100,743	8,906,713	29,953,207	25,682,044
Capital assets, net	786,403	352,473	572,416	1,711,292	1,731,192
Endowment investments	3,732,998	1,237,332	811,371	5,781,701	3,465,983
Other assets	23,162	6	63	23,231	500
Total assets	25,488,314	1,690,554	10,290,563	37,469,431	30,879,719
Deferred outflows of resources:					
Deferred outflows related to pensions/OPEB	966,461	245,449	322,153	1,534,063	1,139,150
Total assets and deferred outflows of resources	<u>\$ 26,454,775</u>	<u>\$ 1,936,003</u>	<u>\$ 10,612,716</u>	<u>\$ 39,003,494</u>	<u>\$ 32,018,869</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2021 AND 2020

12. Individual station financial information (continued):

STATEMENTS OF NET POSITION (CONTINUED)

	June 30, 2021				June 30, 2020
	KUAT-TV	KUAT-FM	KUAZ	Combined total	Combined total
Liabilities, deferred inflows of resources and net position					
Current liabilities:					
Accounts payable	\$ 91,242	\$ 16,992	\$ 33,379	\$ 141,613	\$ 111,506
Accrued expenses and other liabilities	506,771	126,641	171,677	805,089	715,688
Unearned revenue	11,333	-	-	11,333	35,333
Current portion of defined contribution plans liability	-	-	-	-	28,868
Total current liabilities	609,346	143,633	205,056	958,035	891,395
Defined contribution plans liability, net of current portion	19,686	5,000	6,562	31,248	19,752
Net pension liability	2,985,624	758,254	995,208	4,739,086	4,319,354
Net OPEB liability	1,322,077	335,765	440,693	2,098,535	1,746,439
Total liabilities	4,936,733	1,242,652	1,647,519	7,826,904	6,976,940
Deferred inflows of resources:					
Deferred inflows related to pensions/OPEB	220,835	56,085	73,612	350,532	513,900
Total deferred inflows of resources	220,835	56,085	73,612	350,532	7,490,840
Net position:					
Investment in capital assets	786,403	352,473	572,416	1,711,292	1,731,192
Restricted:					
Nonexpendable - endowments	2,592,165	839,380	702,863	4,134,408	2,123,057
Expendable - station programs/projects	1,721,802	23,328	100,238	1,845,368	1,692,232
Unrestricted	16,196,837	(577,915)	7,516,068	23,134,990	18,981,548
Total net position	21,297,207	637,266	8,891,585	30,826,058	24,528,029
Total liabilities, deferred inflows of resources, and net position	<u>\$ 26,454,775</u>	<u>\$ 1,936,003</u>	<u>\$ 10,612,716</u>	<u>\$ 39,003,494</u>	<u>\$ 32,018,869</u>

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED JUNE 30, 2021 AND 2020

12. Individual station financial information (continued):

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	June 30, 2021			June 30, 2020	
	KUAT-TV	KUAT-FM	KUAZ	Combined total	Combined total
Operating revenues:					
Grants and contracts	\$ 5,000	\$ -	\$ -	\$ 5,000	\$ 27,711
Auxiliary enterprises	956,492	2,005	2,005	960,502	1,146,479
	<u>961,492</u>	<u>2,005</u>	<u>2,005</u>	<u>965,502</u>	<u>1,174,190</u>
Operating expenses:					
Program services:					
Programming and production	3,998,122	598,113	1,532,015	6,128,250	6,245,949
Broadcasting	1,170,578	79,842	158,169	1,408,589	1,421,618
Public information and promotion	484,457	86,395	90,293	661,145	810,637
Support services:					
Management and general	979,580	222,670	263,526	1,465,776	1,391,702
Fundraising and membership development	1,458,482	456,822	723,890	2,639,194	2,680,378
Total operating expenses	<u>8,091,219</u>	<u>1,443,842</u>	<u>2,767,893</u>	<u>12,302,954</u>	<u>12,550,284</u>
Operating loss	<u>(7,129,727)</u>	<u>(1,441,837)</u>	<u>(2,765,888)</u>	<u>(11,337,452)</u>	<u>(11,376,094)</u>
Nonoperating revenues:					
General appropriation from the university	701,104	126,379	135,369	962,852	1,142,465
Donated facilities and administrative support from the university	1,088,760	194,461	370,455	1,653,676	1,672,392
Corporation for Public Broadcasting grants	2,139,199	-	649,915	2,789,114	1,866,982
Subscription and membership income	2,993,027	500,045	1,119,182	4,612,254	4,223,261
Business and underwriting	247,928	60,417	721,122	1,029,467	1,343,905
Legacies and bequests	2,069,209	425,565	699,252	3,194,026	2,833,533
Other gifts and contributions	1,099,400	121,925	222,928	1,444,253	61,465
Investment income (loss), net	724,222	255,781	148,769	1,128,772	(131,214)
Other nonoperating revenues	261,541	12,263	12,263	286,067	306,815
Nonoperating revenues	<u>11,324,390</u>	<u>1,696,836</u>	<u>4,079,255</u>	<u>17,100,481</u>	<u>13,319,604</u>
Increase before capital additions	4,194,663	254,999	1,313,367	5,763,029	1,943,510
Capital grants, gifts and conveyances	<u>375,000</u>	<u>80,000</u>	<u>80,000</u>	<u>535,000</u>	<u>53,000</u>
Increase in net position	4,569,663	334,999	1,393,367	6,298,029	1,996,510
Net position, beginning of year	<u>16,727,544</u>	<u>302,267</u>	<u>7,498,218</u>	<u>24,528,029</u>	<u>22,531,519</u>
Net position, end of year	<u>\$ 21,297,207</u>	<u>\$ 637,266</u>	<u>\$ 8,891,585</u>	<u>\$ 30,826,058</u>	<u>\$ 24,528,029</u>

Required Supplementary Information

ARIZONA PUBLIC MEDIA
(A Division of the University of Arizona)

SCHEDULE OF AZPM'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - ARIZONA STATE RETIREMENT SYSTEM

YEAR ENDED JUNE 30, 2021

(schedule to be built prospectively from 2015; 2014 - 2012 information not available)

Reporting fiscal year (Measurement date)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)	2013 (2012)	2012 (2011)
AZPM's proportion of the university's net pension liability	0.6742 %	0.6936 %	0.6986 %	0.7885 %	0.7914 %	0.7561 %	0.8218 %	- %	- %	- %
AZPM's proportionate share of the net pension liability	\$ 4,739,086	\$ 4,319,354	\$ 3,947,212	\$ 4,718,852	\$ 4,920,007	\$ 4,599,825	\$ 4,789,299	\$ -	\$ -	\$ -
AZPM's covered payroll	\$ 2,993,501	\$ 3,137,070	\$ 2,822,075	\$ 2,963,899	\$ 2,865,148	\$ 2,832,105	\$ 2,791,097	\$ -	\$ -	\$ -
AZPM's proportionate share of the net pension liability as a percentage of its covered payroll	158 %	138 %	140 %	159 %	172 %	162 %	172 %	- %	- %	- %
Plan fiduciary net position as a percentage of total pension liability	69 %	73 %	73 %	70 %	67 %	68 %	69 %	- %	- %	- %

ARIZONA PUBLIC MEDIA
(A Division of the University of Arizona)

SCHEDULE OF PENSION CONTRIBUTIONS - ARIZONA STATE RETIREMENT SYSTEM

YEAR ENDED JUNE 30, 2021

(schedule to be built prospectively from 2015; 2014 - 2012 information not available)

Reporting fiscal year	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Statutorily required contribution	\$ 343,223	\$ 342,181	\$ 350,288	\$ 306,738	\$ 335,382	\$ 308,270	\$ 297,737	\$ -	\$ -	\$ -
Contributions in relation to the statutorily required contribution	<u>343,223</u>	<u>342,181</u>	<u>350,288</u>	<u>306,738</u>	<u>335,382</u>	<u>308,270</u>	<u>297,737</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
AZPM's covered payroll	\$ 2,951,704	\$ 2,993,501	\$ 3,137,070	\$ 2,822,075	\$ 2,963,899	\$ 2,865,148	\$ 2,832,105	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	11.63 %	11.43 %	11.17 %	10.87 %	11.32 %	10.76 %	10.51 %	- %	- %	- %

ARIZONA PUBLIC MEDIA
(A Division of the University of Arizona)

SCHEDULE OF AZPM'S PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY - ARIZONA DEPARTMENT OF ADMINISTRATION

YEAR ENDED JUNE 30, 2021
(schedule to be built prospectively from 2018; 2017 - 2012 information not available)

Reporting fiscal year (Measurement date)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	2014 (2013)	2013 (2012)	2012 (2011)
AZPM's proportion of the total OPEB liability	0.13 %	0.14 %	0.13 %	0.15 %	- %	- %	- %	- %	- %	- %
AZPM's proportionate share of the total OPEB liability	\$ 2,097,572	\$ 1,738,774	\$ 1,164,777	\$ 1,276,549	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
AZPM's covered-employee payroll	\$ 3,897,034	\$ 3,983,816	\$ 3,729,097	\$ 3,797,191	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
AZPM's proportionate share of the total OPEB liability as a percentage of its covered-employee payroll	54 %	44 %	31 %	34 %	- %	- %	- %	- %	- %	- %

* There are no dedicated assets at this time to offset the total OPEB liability.

Supplementary Information

ARIZONA PUBLIC MEDIA
(A Division of the University of Arizona)

STATEMENT OF FUNCTIONAL EXPENSES BY STATION

YEAR ENDED JUNE 30, 2021

	Program Services				Supporting Services			
	Programming and production	Broadcasting	Public info and promotion	Total program services	Management and general	Fundraising and membership development	Total supporting services	Total expenses
KUAT - TV								
Salaries	\$ 1,453,477	\$ 513,809	\$ 386,160	\$ 2,353,446	\$ 775,418	\$ 391,926	\$ 1,167,344	\$ 3,520,790
General operations	1,861,955	488,673	31,781	2,382,409	69,666	866,231	935,897	3,318,306
Travel and training	1,858	-	-	1,858	-	75	75	1,933
Indirect administration support	527,951	159,547	66,516	754,014	134,496	200,250	334,746	1,088,760
Depreciation	<u>152,881</u>	<u>8,549</u>	<u>-</u>	<u>161,430</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>161,430</u>
Total KUAT - TV expenses	<u>3,998,122</u>	<u>1,170,578</u>	<u>484,457</u>	<u>5,653,157</u>	<u>979,580</u>	<u>1,458,482</u>	<u>2,438,062</u>	<u>8,091,219</u>
KUAT - FM								
Salaries	427,575	51,528	63,669	542,772	170,497	172,166	342,663	885,435
General operations	76,250	5,649	10,864	92,763	21,600	221,923	243,523	336,286
Travel and training	126	-	-	126	-	11	11	137
Indirect administration support	80,204	9,100	11,862	101,166	30,573	62,722	93,295	194,461
Depreciation	<u>13,958</u>	<u>13,565</u>	<u>-</u>	<u>27,523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,523</u>
Total KUAT - FM expenses	<u>598,113</u>	<u>79,842</u>	<u>86,395</u>	<u>764,350</u>	<u>222,670</u>	<u>456,822</u>	<u>679,492</u>	<u>1,443,842</u>
KUAZ								
Salaries	586,910	64,022	66,993	717,925	201,807	282,239	484,046	1,201,971
General operations	722,431	24,301	10,903	757,635	25,537	342,235	367,772	1,125,407
Travel and training	287	-	-	287	-	26	26	313
Indirect administration support	208,429	14,057	12,397	234,883	36,182	99,390	135,572	370,455
Depreciation	<u>13,958</u>	<u>55,789</u>	<u>-</u>	<u>69,747</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,747</u>
Total KUAZ expenses	<u>1,532,015</u>	<u>158,169</u>	<u>90,293</u>	<u>1,780,477</u>	<u>263,526</u>	<u>723,890</u>	<u>987,416</u>	<u>2,767,893</u>
	<u>\$ 6,128,250</u>	<u>\$ 1,408,589</u>	<u>\$ 661,145</u>	<u>\$ 8,197,984</u>	<u>\$ 1,465,776</u>	<u>\$ 2,639,194</u>	<u>\$ 4,104,970</u>	<u>\$ 12,302,954</u>

ARIZONA PUBLIC MEDIA
(A Division of the University of Arizona)

STATEMENT OF FUNCTIONAL EXPENSES BY STATION

YEAR ENDED JUNE 30, 2020

	Program Services				Supporting Services			
	Programming and production	Broadcasting	Public info and promotion	Total program services	Management and general	Fundraising and membership development	Total supporting services	Total expenses
KUAT - TV								
Salaries	\$ 1,787,615	\$ 555,532	\$ 452,373	\$ 2,795,520	\$ 663,512	\$ 323,494	\$ 987,006	\$ 3,782,526
General operations	1,483,526	461,762	57,003	2,002,291	95,840	888,337	984,177	2,986,468
Travel and training	6,610	1,483	1,246	9,339	1,433	1,242	2,675	12,014
Indirect administration support	518,487	161,154	80,772	760,413	120,344	191,888	312,232	1,072,645
Depreciation	<u>183,613</u>	<u>8,550</u>	<u>-</u>	<u>192,163</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>192,163</u>
Total KUAT - TV expenses	<u>3,979,851</u>	<u>1,188,481</u>	<u>591,394</u>	<u>5,759,726</u>	<u>881,129</u>	<u>1,404,961</u>	<u>2,286,090</u>	<u>8,045,816</u>
KUAT - FM								
Salaries	428,026	54,558	76,608	559,192	174,296	206,570	380,866	940,058
General operations	96,834	8,145	16,467	121,446	29,954	210,769	240,723	362,169
Travel and training	1,712	-	515	2,227	498	721	1,219	3,446
Indirect administration support	83,295	9,919	14,804	108,018	32,388	66,130	98,518	206,536
Depreciation	<u>24,185</u>	<u>8,304</u>	<u>-</u>	<u>32,489</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,489</u>
Total KUAT - FM expenses	<u>634,052</u>	<u>80,926</u>	<u>108,394</u>	<u>823,372</u>	<u>237,136</u>	<u>484,190</u>	<u>721,326</u>	<u>1,544,698</u>
KUAZ								
Salaries	616,762	62,415	78,695	757,872	201,191	331,242	532,433	1,290,305
General operations	770,826	15,726	16,499	803,051	34,373	351,118	385,491	1,188,542
Travel and training	5,098	-	515	5,613	527	802	1,329	6,942
Indirect administration support	215,175	17,485	15,140	247,800	37,346	108,065	145,411	393,211
Depreciation	<u>24,185</u>	<u>56,585</u>	<u>-</u>	<u>80,770</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,770</u>
Total KUAZ expenses	<u>1,632,046</u>	<u>152,211</u>	<u>110,849</u>	<u>1,895,106</u>	<u>273,437</u>	<u>791,227</u>	<u>1,064,664</u>	<u>2,959,770</u>
	<u>\$ 6,245,949</u>	<u>\$ 1,421,618</u>	<u>\$ 810,637</u>	<u>\$ 8,478,204</u>	<u>\$ 1,391,702</u>	<u>\$ 2,680,378</u>	<u>\$ 4,072,080</u>	<u>\$ 12,550,284</u>