

**KSMQ PUBLIC SERVICE MEDIA, INC.**

**FINANCIAL STATEMENTS  
with  
INDEPENDENT AUDITOR'S REPORT**

**June 30, 2024**

**KSMQ PUBLIC SERVICE MEDIA, INC.**

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**June 30, 2024**

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
KSMQ Public Service Media, Inc.  
Austin, Minnesota 55912

**Opinion**

We have audited the accompanying financial statements of KSMQ Public Media Service Media, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KSMQ Public Service Media, Inc. as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of KSMQ Public Service Media, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in aggregate, that raise substantial doubt about KSMQ Public Service Media, Inc's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibility for the Audit of Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in circumstances, but not for the purpose of expressing an opinion on the effectiveness of KSMQ Public Service Media, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in aggregate, that raise substantial doubt about KSMQ Public Service Media, Inc.'s ability to continue as a going concern for a reasonable period of time.
- We are required to communicate to those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## **Report on Summarized Comparative Information**

We have previously audited KSMQ Public Services Media, Inc. financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 13, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*B. Burke Vanags, CPA LLC.*  
B. Burke Vanags, CPA, L.L.C.

January 9, 2025

## **BASIC FINANCIAL STATEMENTS**

**KSMQ Public Service Media, Inc.**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2024**  
**(With Comparative Amounts for June 30, 2023)**

<b>ASSETS</b>	<b>2024</b>	<b>2023</b>
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 541,916	\$ 346,563
Investments	558,823	560,062
Promises to Give	96,630	168,566
Accounts Receivable	95,886	94,853
Prepaid Expense	34,212	36,056
Total Current Assets	1,327,467	1,206,100
<b>Other Assets</b>		
Long Term Promises to Give	6,000	21,000
Total Other Assets	6,000	21,000
<b>Fixed Assets</b>		
Equipment	3,611,240	3,521,275
Accumulated Depreciation	(1,418,166)	(1,120,540)
Leased Assets	244,504	281,571
Total Fixed Assets	2,437,578	2,682,306
Total Assets	\$ 3,771,045	\$ 3,909,406
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 137,895	\$ 147,812
Deferred Revenue	118,490	180,641
Lease Liability - Short Term	37,750	37,067
Total Current Liabilities	294,135	365,520
<b>Long-Term Liabilities</b>		
Lease Liability - Long Term	206,754	244,504
Total Long-Term Liabilities	206,754	244,504
<b>Net Assets</b>		
Net Assets With Donor Restrictions	73,164	128,732
Net Assets Without Donor Restrictions	3,196,992	3,170,650
Total Net Assets	3,270,156	3,299,382
Total Liabilities and Net Assets	\$ 3,771,045	\$ 3,909,406

*See Accompanying Notes to the Financial Statements*

**KSMQ Public Service Media, Inc.**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2024**  
**(With Comparative Totals for the Year Ended June 30, 2023)**

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2024	2023
<b>Support and Revenue</b>				
<b>Support</b>				
Memberships	\$ 122,973	\$ -	\$ 122,973	\$ 121,344
Program Underwriting	140,559	-	140,559	176,450
Donations	-	-	-	40,000
Donated Goods and Services	499,128	-	499,128	563,395
Corporation of Public Broadcasting	-	883,133	883,133	811,343
Other Grants	5,800	-	5,800	9,300
State of Minnesota	-	768,895	768,895	2,247,200
Support Released from Restrictions	1,707,596	(1,707,596)	-	-
<b>Revenue</b>				
Interest Income	1,326	-	1,326	208
Dividend Income	20,562	-	20,562	22,278
Realized Gain (Loss) on Investment	534	-	534	(9,929)
Unrealized Gain (Loss) on Investment	52,475	-	52,475	65,033
Tower Rental	9,600	-	9,600	9,600
Sponsorship Revenue	-	-	-	22,450
Production and Other Activities	27,330	-	27,330	34,248
Total Support and Revenue	<u>2,587,883</u>	<u>(55,568)</u>	<u>2,532,315</u>	<u>4,112,920</u>
<b>Expenses</b>				
Program Services	1,542,326	-	1,542,326	1,582,204
Management and General	778,164	-	778,164	1,051,639
Fund-raising	241,051	-	241,051	291,223
Total Expenses	<u>2,561,541</u>	<u>-</u>	<u>2,561,541</u>	<u>2,925,066</u>
Operating Change in Net Assets	26,342	(55,568)	(29,226)	1,187,854
Other Changes:				
Loss on Disposition	-	-	-	(137,833)
Net Assets, Beginning of Year	<u>3,170,650</u>	<u>128,732</u>	<u>3,299,382</u>	<u>2,249,361</u>
Net Assets, End of year	<u>\$ 3,196,992</u>	<u>\$ 73,164</u>	<u>\$ 3,270,156</u>	<u>\$ 3,299,382</u>

*See Accompanying Notes to the Financial Statements.*

**KSMQ PUBLIC SERVICE MEDIA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended June 30, 2024  
(With Comparative Totals for the Year Ended June 30, 2023)

	Program Service					Fundraising and Member Development	Totals	
	Programming	Broadcasting	Production	Program Services	Management and General		2024	2023
Salaries and Wages	43,349	66,625	99,141	209,115	1,140	89,884	300,139	-
Employee Benefits	4,450	14,398	18,256	37,104	1,396	2,540	41,040	-
Payroll Taxes	3,029	4,771	7,350	15,150	90	7,428	22,668	-
Contracted Services	24,408	60,370	153,353	238,131	71,852	72,813	382,796	994,948
Professional Fees	-	58,201	173,854	232,055	114,141	4,364	350,560	485,747
Program Guide	-	-	-	-	-	7,149	7,149	9,015
Meetings and Meals	-	175	940	1,115	793	158	2,066	4,953
Discount Fees	113	-	24	137	6,358	1,447	7,942	8,799
Public Broadcasting System	211,040	-	-	211,040	-	-	211,040	219,267
Program Acquisitions	61,786	-	-	61,786	-	28,329	90,115	102,226
Licensing Support	-	40,224	4,233	44,457	1,829	2,988	49,274	23,881
Supplies and Premiums	-	200	2,241	4,107	4,237	4,295	10,973	16,536
Telephone and Internet	1,052	2,202	853	4,107	2,932	2,441	9,480	14,841
Postage and Shipping	-	37	69	106	564	14,212	14,882	9,156
Insurance	-	-	-	-	34,763	-	34,763	26,353
Repairs and Maintenance	-	20,661	27	20,688	69,827	-	90,515	53,822
Advertising	-	-	546	546	150	-	696	8,376
Travel and Parking	-	1,578	194	1,772	1,350	790	3,912	5,121
Utilities	-	45,196	-	45,196	-	-	45,196	36,559
Dues and Memberships	-	388	3,363	3,751	5,316	647	9,714	12,101
Tower Rental	-	34,151	-	34,151	-	-	34,151	33,482
Lease and Rental	-	-	-	-	3,036	-	3,036	3,236
Printing	-	-	-	-	7,133	1,466	8,599	11,924
Miscellaneous	-	579	343	922	6,651	-	7,573	7,677
Lobbying	-	-	-	-	22,785	-	22,785	40,130
Small Equipment	327	396	2,572	3,295	-	-	3,295	5,319
Reallocated Disbursement Costs	-	(15,786)	15,786	-	-	-	-	-
Bad Debt	-	-	-	-	-	100	100	-
Interest Expense	-	-	-	-	-	-	-	6,189
Depreciation	-	213,069	62,011	275,080	22,546	-	297,626	221,779
Board Expenses	-	-	-	-	328	-	328	434
In-kind Goods and Services	-	89,951	10,230	100,181	398,947	-	499,128	563,395
<b>Total Expenses</b>	<b>\$ 349,554</b>	<b>\$ 637,386</b>	<b>\$ 555,386</b>	<b>\$ 1,542,326</b>	<b>\$ 778,164</b>	<b>\$ 241,051</b>	<b>\$ 2,561,541</b>	<b>\$ 2,925,066</b>

See Accompanying Notes to the Financial Statements



**KSMQ Public Service Media, Inc.**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2024**  
**(With Comparative Amounts for the Year Ended June 30, 2023)**

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (29,226)	\$ 1,050,021
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	297,626	221,779
(Increase) Decrease in Operating Assets		
Promises to Give	86,936	1,569,080
Prepaid Expense	1,844	493,686
Accounts Receivable	(1,033)	484,026
Increase (Decrease) in Operating Liabilities		
Accounts Payable	(9,917)	47,126
Line of Credit	-	(458,972)
Deferred Revenue	(62,151)	(1,594,739)
Net Cash Provided (Used) by Operating Activities	<u>284,079</u>	<u>1,812,007</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Asset	(89,965)	(1,943,313)
Sale (Purchase) of Investments	53,180	426,431
Gain on Sale of Investments	534	(9,929)
Unrealized (Gain) Losses on Investments	(52,475)	(89,406)
Net Cash Provided (Used) by Investing Activities	<u>(88,726)</u>	<u>(1,616,217)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>195,353</b>	<b>195,790</b>
CASH, Beginning of the Year	<u>346,563</u>	<u>150,773</u>
CASH, End of the Year	<u>\$ 541,916</u>	<u>346,563</u>
Income Taxes Paid	<u>\$ -</u>	<u>\$ -</u>
Interest Expense Paid	<u>\$ -</u>	<u>\$ 6,189</u>

*See Accompanying Notes to the Financial Statements.*

**KSMQ PUBLIC SERVICE MEDIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2024**

**NOTE 1    SIGNIFICANT ACCOUNTING POLICIES**

Nature of Organization

KSMQ Public Service Media, Inc. is a non-for-profit organization which was established for the purpose of operating a public television station known as KSMQ-TV, which is affiliated with the Public Broadcasting Service (PBS). A large portion of the station's program schedule is provided by PBS for an annual fee. The station is licensed by the Federal Communications Commission (FCC) to broadcast on digital channel 20.

Basis of Presentation

The accompanying statement of financial position has been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States. Under this method, income and expenses are recorded when earned or incurred rather than when received or paid. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time. As of June 30, 2024, the Board does not have any assets with board designated restrictions.

Net Assets With Donor Restrictions – Net Assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained perpetually. The Organization has donor restricted funds of \$73,164 at June 30, 2024. This is from an American Rescue Grant to help with operational needs and carryforward amounts from CPB Grants.

**KSMQ PUBLIC SERVICE MEDIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**June 30, 2024**

**NOTE 1    SIGNIFICANT ACCOUNTING POLICIES (continued)**

Cash and Cash Equivalents

For the purpose of these financial statements the Organization considers all checking accounts, savings accounts, and money markets and certificates with terms of less than one year to be cash and cash equivalents. Cash and cash equivalents balances on June 30, 2024 are listed below:

Operating Checking	\$	174,095
Home Federal Money Market		364,619
Ameriprise Money Market		3,202
Total Cash and Cash Equivalents	\$	541,916

Investments

Investments consist of the following:

Ameriprise Mutual Funds	\$	558,823
Total Investments	\$	558,823

Investment Valuation

Realized and unrealized gains and losses are included in the change in unrestricted net assets, unless their use is temporarily or permanently restricted by donor stipulations or law. Realized gains and losses are reported at the date of disposition based on the difference between the net proceeds received and the purchased value of the investment sold, using the specific identification method. Unrealized gains and losses are reported for the change in fair value between reporting periods. Interest and dividend income is reported when earned.

Property and Equipment

Property and Equipment is stated at cost, or fair market value if donated, less accumulated depreciation computed using straight-line depreciation over the estimated useful life of the asset. The Organization's capitalization policy threshold is \$2,500 for equipment and betterments for the building and land.

Equipment acquired by certain grants carry reversionary rights if not used for their intended purpose.

Advertising Costs

Advertising costs are expensed as incurred.

**KSMQ PUBLIC SERVICE MEDIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**June 30, 2024**

**NOTE 1    SIGNIFICANT ACCOUNTING POLICIES (continued)**

Receivables and Credit Policies

Trade receivables are uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date. Pledges and grants receivables are amounts members/grantors have promised to the Organization and are due under the terms indicated on the membership pledge/grant. The receivables are non-interest bearing. Payments of trade receivables are applied to the earliest unpaid invoices. Payments of pledges/grants receivable are applied to the earliest unpaid pledge/grant. The carrying amount of the trade receivables and pledges/grants receivables is reduced by an amount that reflects management's best estimate of the amounts that will not be collected. As of June 30, 2024, management considered all accounts receivable to be fully collectible.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Contributions with no specified purposes, limitations, or time restrictions defined by the donor are recognized as unrestricted revenue upon receipt of the pledge.

Corporation for Public Broadcasting (CPB) grants, including community service, local service, and interconnection grants, which are recognized as unrestricted revenues as they are received. Grants received from CPB which are restricted for a specific purpose or projects are recognized as temporarily restricted revenue until the restrictions of the grant are met.

State of Minnesota grants received for operations are recognized as unrestricted revenues as they are received, and grants for a specific purpose or project are recognized as temporarily restricted revenue until the restrictions of the grant are met.

Memberships are recognized as revenues in the period received.

Donated Goods and Services

Donated goods and services are recognized as unrestricted revenue when received and an equal amount of expense is recognized. Donated goods and services are recognized at fair value.

The Organization receives donated time from a variety of unpaid volunteers. No amounts have been recognized in the accompanying statement of activities for this time.

**KSMQ PUBLIC SERVICE MEDIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**June 30, 2024**

**NOTE 1    SIGNIFICANT ACCOUNTING POLICIES (continued)**

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Tax Status

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions. There was no unrelated business income for the year ended June 30, 2024 and therefore the Organization has made no provision for income taxes.

Estimates

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

**KSMQ PUBLIC SERVICE MEDIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**June 30, 2024**

**NOTE 2 FAIR VALUE MEASUREMENT**

Financial Instruments

The Fair Value Measurements Topic of the FASB Accounting Standards Codification establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are briefly described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the assets or liability, either directly or indirectly, for substantially the full term of the financial instrument.

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

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

Cash and cash equivalents: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

Investments: All investments fall in Level 1. The fair values of investments are based on quoted market prices for those or similar investments.

The estimated fair values of the Organization's financial instruments are as follows:

	<u>Market</u>	<u>Cost</u>
Cash and Cash Equivalents	\$541,916	\$541,916
Investments	\$558,823	\$470,835

**KSMQ PUBLIC SERVICE MEDIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**June 30, 2024**

**NOTE 3      PROMISES TO GIVE**

Promises to Give at June 30, 2024 consists of \$94,630 of the unspent portion of the State of Minnesota Bond Grant. KSMQ received a promise to give for a total of \$2,142,000 in fiscal year 2021-2022 for Equipment Grant to KSMQ from Minnesota. \$66,936 of this grant was spent in 2023-2024. A total of \$2,047,370 of the State of Minnesota Bond Grant was spent as of June 30, 2023. There is also a Promise to Give of \$8,000 for Pledges Receivable. The following is a schedule of Pledges Receivable:

June 30, 2025	\$4,000
June 30, 2026	2,000
June 30, 2027	2,000

**NOTE 4      DEFERRED REVENUE**

Deferred Revenue includes \$94,630 of the promise to give noted in Note 3 above. It also includes \$23,860 of advanced underwriting payments.

**NOTE 5      CONCENTRATIONS**

Concentrations from Funding Sources

KSMQ Public Service Media, Inc. receives a substantial portion of its operating revenues from CPB and the State of Minnesota. The ability of the Organization to continue in its present form is therefore directly associated with the continued funding from CPB and the State of Minnesota.

CPB and the State of Minnesota grants are subject to audit. The ultimate determination of amounts earned under these grants is therefore subject to change pending completion, if any, of these audits. Until these audits, if any, are completed there exists a contingency that some amounts received under the grants and contracts will be in excess of the allowable costs.

**NOTE 6      COMMITMENTS**

In connection with the Organization's membership in PBS, the Organization is committed to paying various fees and assessments annually. The fees and assessments paid for in the year ended June 30, 2024 were \$211,040 and are recorded as expenses on the statement of activities

**KSMQ PUBLIC SERVICE MEDIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**June 30, 2024**

**NOTE 7 OPERATING LEASE**

The Organization signed a 5 year lease for office equipment and related service in April 2021. Payments totaling \$2,916 were paid in this fiscal year on this lease. Future lease payment on the new lease are as follows:

Year ended June 30, 2025	\$2,916
Year ended June 30, 2026	\$2,430

The Organization signed a new tower lease with KTTC, September 30, 2020, that went into effect January 1, 2021. The tower lease is for ten years on a calendar year basis and has annual increases each January 1. Rent of \$34,151 was paid for the year ended June 30, 2024. Future lease payments for the tower lease are as follow:

Year ended June 30, 2025	\$34,834
Year ended June 30, 2026	\$35,531
Year ended June 30, 2027	\$36,241
Year ended June 30, 2028	\$36,966
Year ended June 30, 2029	\$37,706
All future years	\$57,880

**NOTE 8 LIQUIDITY**

KSMQ Public Service Media, Inc. has \$1,196,625 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$541,916, Investments of \$558,823, and accounts receivable of \$95,886.

The Organization has promises to give of \$102,630 receivable at June 30, 2024. \$94,630 of this is for equipment and not operating expenses.

KSMQ Public Service Media, Inc. has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 90 days of normal operating expenses, which are, on average, approximately \$640,685. KSMQ Public Service Media, Inc. has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.



**KSMQ PUBLIC SERVICE MEDIA, INC.**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**June 30, 2024**

**NOTE 9 USE OF PROFESSIONAL EMPLOYMENT ORGANIZATION**

In February 2019 KSMQ Public Service Media Inc. entered into an agreement with, TriNet, a professional employment organization to provide payroll and benefit services. In the arrangement there exists a co-employment relationship, which involves a contractual allocation and sharing of employer responsibilities between the professional employment organization and KSMQ Public Service Media, Inc. pursuant to a client service agreement. The professional employment organization remits wages and withholdings of the employees and reports collects and deposits employment taxes with local, state, and federal authorities. The professional service organization also issues the Form W-2 for the compensation paid by it under its EIN and provides employees with a full benefits package. KSMQ Public Media, Inc. retains control of the hiring, dismissal, scheduling, and day to day activities of the employees. Total wages and benefits paid to employees by the professional employment organization along with a service fee invoiced to KSMQ Public Service Media, Inc. The amounts paid to the professional employment organization by KSMQ Public Service Media, Inc. are recorded under contract services.

The Contract for Services agreement with Trinet was terminated effective December 31, 2023. The organization entered into a Broker of Record agreement with North Risk Partners for the purpose of securing Health Insurance and other Ancillary products for Employees benefits. Additionally, the organization has entered an agreement with Payfluence for the HCM ISolve payroll program with the payroll service being administered by NETA.

**NOTE 10 SUBSEQUENT EVENTS**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 9, 2025, the date the financial statements were available to be issued.

**NOTE 11 RELATED PARTY TRANSACTIONS**

A board member of the Organization, Craig Clark, has a spouse who is employed by KSMQ. Craig is also the City Administrator for the City of Austin. The City of Austin owns the building on a joint agreement with KSMQ.

**NOTE 12 SUMMARIZED FINANCIAL INFORMATION FOR 2022**

The general operations financial information for the year ended June 30, 2023, is presented for comparative purposes. It is not intended to be a complete financial statement presentation.