

**DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –  
ARKANSAS EDUCATIONAL TELEVISION COMMISSION**

**Annual Financial Report**

**June 30, 2024**



DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –  
 ARKANSAS EDUCATIONAL TELEVISION COMMISSION  
 TABLE OF CONTENTS  
 FOR THE YEAR ENDED JUNE 30, 2024

Independent Auditor’s Report  
 Report on Internal Control Over Financial Reporting and on Compliance and  
 Other Matters Based on an Audit of Financial Statements Performed in  
 Accordance with *Government Auditing Standards*  
 Management’s Discussion and Analysis

FINANCIAL STATEMENTS

	<u>Exhibit</u>
Government-Wide Financial Statements	
Statement of Net Position	A
Statement of Activities	B
Fund Financial Statements	
Governmental Fund Financial Statements	
Balance Sheet	C
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	D
Statement of Revenues, Expenditures, and Changes in Fund Balance	E
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities	F
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	G
Notes to Financial Statements	

OTHER INFORMATION (Unaudited)

	<u>Schedule</u>
Schedule of Selected Information	1
Schedule of Combined Statement of Net Position (for Corporation for Public Broadcasting purposes)	2
Schedule of Combined Statement of Activities (for Corporation for Public Broadcasting purposes)	3

# Arkansas

**Sen. Jim Petty**  
Senate Chair  
**Sen. Jim Dotson**  
Senate Vice Chair



**Rep. Robin Lundstrum**  
House Chair  
**Rep. RJ Hawk**  
House Vice Chair

**Kevin William White, CPA, JD**  
Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### Independent Auditor's Report

Division of Elementary and Secondary Education – Arkansas Educational Television Commission  
Legislative Joint Auditing Committee

#### **Report on the Audit of the Financial Statements**

##### ***Opinions***

We have audited the financial statements of the governmental activities and the major fund of the Division of Elementary and Secondary Education – Arkansas Educational Television Commission (the "Commission"), a commission of Arkansas state government, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Commission as of June 30, 2024, and the respective changes in financial position thereof, and the budgetary comparison for the general fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

##### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Commission, 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 opinions.

##### ***Emphasis of Matter***

As indicated above, the financial statements of the Commission are intended to present the financial position, the changes in financial position, and budgetary comparisons of only that portion of the governmental activities and the major fund of the State that is attributable to the transactions of the Commission. They do not purport to, and do not, present fairly the financial position of the State of Arkansas as of June 30, 2024, the changes in its financial position, or budgetary comparisons for the year then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

##### ***Other Matter***

##### ***Report on Summarized Comparative Information***

We have previously audited the Commission's 2023 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities and the major fund in our report dated January 25, 2024. 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.

### ***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 misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

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

**Other Information**

Management is responsible for the other information included in the report. The other information comprises the Schedule of Selected Information, Schedule of Combined Statement of Net Position, and Schedule of Combined Statement of Activities but does not include the basic financial statements and our auditor's reports thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2025, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of the testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

ARKANSAS LEGISLATIVE AUDIT



Kevin William White, CPA, JD  
Legislative Auditor

Little Rock, Arkansas  
January 23, 2025  
SA1451624

# Arkansas

Sen. Jim Petty  
Senate Chair  
Sen. Jim Dotson  
Senate Vice Chair



Rep. Robin Lundstrum  
House Chair  
Rep. RJ Hawk  
House Vice Chair

Kevin William White, CPA, JD  
Legislative Auditor

## LEGISLATIVE JOINT AUDITING COMMITTEE ARKANSAS LEGISLATIVE AUDIT

### REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

#### INDEPENDENT AUDITOR'S REPORT

Division of Elementary and Secondary Education – Arkansas Educational Television Commission  
Legislative Joint Auditing Committee

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Division of Elementary and Secondary Education – Arkansas Educational Television Commission (the "Commission"), a commission of Arkansas state government, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated January 23, 2025.

#### ***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies; therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the Schedule of Findings and Responses below as item 2024-1, that we consider to be a significant deficiency.

#### ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described below in the Schedule of Findings and Responses as item 2024-1.

## SCHEDULE OF FINDINGS AND RESPONSES

2024-1 Department of Transformation and Shared Services - Office of Personnel Management (DTSS-OPM) Policy Number 23 and Ark. Code Ann. § 21-5-106 authorize annual career service recognition payments to reward the longevity of state employees in regular full-time positions beginning with 10 years of service. Our review of 37 career service recognition payments, totaling \$39,800, revealed that the career service dates, which are recorded in AASIS and used to calculate the career service recognition payments, were incorrect for three employees. In two instances, employees were originally hired in extra-help positions and later transferred to regular full-time positions, but the career service date field was not updated. The third employee had eligible prior service at another entity, but the career service date was not accurately adjusted. As a result, improper career service recognition payments totaling \$4,200 have been made since 2017.

We recommend the Agency correct the career service date for these employees in AASIS and contact DTSS-OPM for guidance on recouping overpayments to the employees made because of the erroneous career service dates. We also recommend the Agency strengthen internal controls to ensure that AASIS date fields are accurate, especially for those employees with prior personnel records.

### **Agency Management Response:**

*Agency management values and welcomes the recommendations and input of Arkansas Legislative Audit (ALA). We reaffirm our commitment to strict adherence to the laws and regulations of the state of Arkansas and to holding ourselves to the highest standards of integrity, ethical conduct, and stewardship of agency resources. We concur with the finding. We will ensure that all appropriate personnel continue to receive continued, ongoing training in order to achieve greater understanding of the complex systems, policies, and laws pertaining to Arkansas personnel and will work to ensure compliance with those laws.*

*To address current errors and prevent recurrence of this finding, we have established and implemented the following measures in collaboration with the Office of Personnel Management: 1. corrected the career service and accrual dates for all identified employees in the State personnel systems, 2. conducted individual analysis for each employee identified for repayment, specifying the dates, types, and amounts of overpayments, 3. collaborated with each affected employee to establish recoupment plans, 4. developed a process for current and future human resources staff to effectively transfer Extra Help employees to Regular employee status moving forward as well as to continue effective transfer of employees with prior personnel records in AASIS. All current Human Resources staff have now completed training in this process.*

### **Commission's Response to Findings**

Government Auditing Standards require the auditors to perform limited procedures on the Commission's response to the finding identified in our audit and described in the Schedule of Findings and Responses above. The Commission's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, pursuant to Ark. Code Ann. § 10-4-417, all reports presented to the Legislative Joint Auditing Committee are matters of public record, and distribution is not limited.

ARKANSAS LEGISLATIVE AUDIT



Tom Bullington, CPA  
Deputy Legislative Auditor

Little Rock, Arkansas  
January 23, 2025

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –  
ARKANSAS EDUCATIONAL TELEVISION COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024

The following is a discussion and analysis of the financial performance of the Division of Elementary and Secondary Education - Arkansas Educational Television Commission, referenced throughout as the Commission. This discussion provides an overview of the activities for the fiscal year ended June 30, 2024, and compares them to the fiscal year ended June 30, 2023. The report also serves as an introduction to the Commission's basic financial statements. It is important that the discussion and analysis be read in conjunction with the financial statements and notes that follow this section.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The Commission's financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report contains supplementary information to the basic financial statements.

### **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide a broad overview of the Commission's finances in a manner similar to private-sector business reports. The statement of net position and statement of activities report governmental activities, which are primarily supported by taxes, intergovernmental revenues, and other grants. All services provided by the Commission are governmental activities.

The *Statement of Net Position* presents financial information on all the Commission assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating. The *Statement of Activities* presents information showing how the Commission's net position has changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash inflows or outflows. The revenues and expenses reported in this statement for some items will result in cash flows in future fiscal periods (e.g., earned but unused compensated absences or vacation leave).

The government-wide financial statements of the Commission only include the operations of the Arkansas Educational Television Commission, a commission of the State of Arkansas. The Commission is required to report its activities separately from the State as a whole to the Corporation for Public Broadcasting each year in order to acquire grant funding. The Corporation for Public Broadcasting also requires the Commission to report the activities of its related fundraising organization, the AETN Foundation (doing business as the Arkansas PBS Foundation), a legally separate 501c(3) nonprofit. The AETN Foundation does not meet the Governmental Accounting Standards Board requirements for presentation in these financial statements as a component unit, but a summary of financial information of the Foundation is included in the notes following the basic financial statements.

### **Fund Financial Statements**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year.

The fund financial statements have four sections: the balance sheet; the reconciliation of the governmental funds balance sheet to the statement of net position; the statement of revenues, expenditures, and changes in fund balance-governmental funds; and the reconciliation of the statement of revenues, expenditures, and changes in fund balance-governmental funds to the statement of activities. The reconciliation statements are provided to facilitate a comparison between governmental funds and governmental activities.

### **The General Fund**

The Commission maintains one governmental fund, the General Fund, to account for all activities. This is the primary operating fund and consists of state appropriations, grants, project and production underwriting, and charges for services. The General fund had a 40% increase in fund balance from \$4,078,109 on June 30, 2023, to \$5,726,514 on June 30, 2024. The overall increase in fund balance was primarily due to the combination of a decrease in non-spendable fund balance resulting from prepaid expenses, increases in restricted fund balances resulting from Corporation for Public Broadcasting grants and other grants, and an increase in unassigned fund balance. The fund balance on June 30, 2024, includes non-spendable amounts for prepaid expenses of \$448,211; restricted for Corporation for Public Broadcasting Community Service Grants of \$2,838,039; restricted for other grants of \$94,457; and unassigned fund balance of \$2,345,807.

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –  
ARKANSAS EDUCATIONAL TELEVISION COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024

**Notes to the Financial Statements**

Notes to financial statements provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in the Basic Financial Statements section of this report.

**Budget**

In addition to the basic financial statements and accompanying notes, this report presents a statement of revenues, expenditures, and changes in fund balances-budget and actual-general fund. The budgeted amounts shown are based on appropriations approved by the Arkansas State Legislature. The appropriated amounts do not represent actual funding; therefore, if funding is not received for a requested project appropriation, or right to spend, there will be a significant variance between budget and actual. In fiscal year 2024, the Commission had vacant positions accounting for most of the variance between budget and actual.

**Capital Assets**

The Commission's net investment in capital assets on June 30, 2024, was \$13,148,150. This is less than the June 30, 2023, net investment in capital assets of \$14,207,761. The 2024 decrease in net value of capital assets is primarily due to an additional year of accumulated depreciation and amortization charged against the agency's depreciable assets and right-to-use lease assets.

**Commission Condensed Financial Information and Analysis**

Condensed Statement of Net Position-Governmental Activities

	Governmental Activities	
	2024	2023
Current assets	\$ 6,076,538	\$ 5,775,687
Non-Current assets		
Capital assets (net)	<u>13,148,150</u>	<u>14,207,761</u>
Total assets	<u>19,224,688</u>	<u>19,983,448</u>
Deferred outflows related to pensions & OPEB	<u>2,576,130</u>	<u>3,526,346</u>
 Total assets and deferred outflows of resources	 <u>\$ 21,800,818</u>	 <u>\$ 23,509,794</u>
 Current liabilities	 \$ 859,574	 \$ 1,991,823
Long-term liabilities	<u>11,345,591</u>	<u>12,107,283</u>
Total liabilities	<u>12,205,165</u>	<u>14,099,106</u>
Deferred inflows related to pensions, OPEB, and leases	2,167,365	2,210,679
 Total liabilities and deferred inflows of resources	 <u>14,372,530</u>	 <u>16,309,785</u>
 Net investment in capital assets	 13,148,150	 14,207,761
Restricted - Federal grants	116,750	142,407
Restricted - CPB grants	2,926,862	1,812,868
Restricted - Other	94,457	
Unrestricted	<u>(8,857,931)</u>	<u>(8,963,027)</u>
Total net position	<u>7,428,288</u>	<u>7,200,009</u>
 Total liabilities, deferred inflows of resources and net position	 <u>\$ 21,800,818</u>	 <u>\$ 23,509,794</u>

The Commission's net position increased by \$228,279, resulting from increases in net current assets - primarily cash, a decrease in deferred inflows related to pensions, decreases in other post-employment benefits (OPEB) and leases,

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –  
ARKANSAS EDUCATIONAL TELEVISION COMMISSION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024

a decrease in long-term liabilities related to pensions, OPEB and leases, and a decrease in deferred outflows related to pensions, OPEB and leases.

Condensed Statement of Activities-Governmental Activities

	Governmental Activities	
	2024	2023
Charges for services	\$ 253,155	\$ 286,783
Operating grants	3,684,110	4,494,586
Total program revenues	<u>3,937,265</u>	<u>4,781,369</u>
Indirect administrative services	336,818	367,118
In-kind revenues		6,802
Investment earnings	145,978	103,846
General revenue distribution	5,823,608	5,472,881
Federal funding from other agencies	3,564,701	2,321,011
Division of Elementary and Secondary Education	2,761,810	2,635,407
Miscellaneous revenue	181,526	10,874
Arkansas Natural and Cultural Resources Council	555,000	
Other transfers	<u>(161,388)</u>	<u>83,105</u>
Total general revenue and transfers	<u>13,208,053</u>	<u>11,001,044</u>
Programming and production	4,222,985	3,529,680
Education	4,866,903	5,010,997
Broadcasting	4,777,844	3,848,354
Promotion	971,934	782,779
Management and general	<u>2,077,373</u>	<u>1,484,211</u>
Total expenses	<u>16,917,039</u>	<u>14,656,021</u>
Change in net position	228,279	1,126,392
Net position, beginning of year	<u>7,200,009</u>	<u>6,073,617</u>
Net position, end of year	<u>\$ 7,428,288</u>	<u>\$ 7,200,009</u>

The Commission's smaller change in 2024 net position of \$228,279 versus \$1,126,392 in 2023 is primarily due to 2024 increases in federal CARES Act & American Rescue Plan Act funding, other grant funding, and state general revenue, which partially offset an increase in expenses for governmental activities.

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –  
 ARKANSAS EDUCATIONAL TELEVISION COMMISSION  
 STATEMENT OF NET POSITION  
 JUNE 30, 2024

Exhibit A

	Governmental Activities	
	2024	2023
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 5,556,717	\$ 4,716,714
Customer receivables	41,696	37,493
Federal receivables		286,508
Lease receivables		53,725
Accrued interest receivable		868
Due from other agencies	29,914	109,129
Prepaid expenses	448,211	571,250
Total current assets	6,076,538	5,775,687
Non-current assets:		
Capital assets:		
Capital assets not being depreciated/amortized	75,648	75,648
Capital assets being depreciated/amortized, net	13,072,502	14,132,113
Capital assets, net	13,148,150	14,207,761
Total non-current assets	13,148,150	14,207,761
TOTAL ASSETS	19,224,688	19,983,448
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Related to pensions	2,372,882	3,018,595
Related to other post-employment benefits	203,248	507,751
Total deferred outflows of resources	2,576,130	3,526,346
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 21,800,818	\$ 23,509,794

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –  
 ARKANSAS EDUCATIONAL TELEVISION COMMISSION  
 STATEMENT OF NET POSITION  
 JUNE 30, 2024

Exhibit A

	Governmental Activities	
	2024	2023
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable - vendors	\$ 52,264	\$ 329,548
Accrued payroll	115,113	117,983
Due to other agencies	165,968	16,267
Due to federal government		188,238
Unearned revenue		705,304
Accrued interest payable	1,203	1,226
Lease liability	317,312	395,931
Claims, judgments, and compensated absences	77,624	86,554
Other post-employment benefits obligation	130,090	150,772
Total current liabilities	859,574	1,991,823
Long-term liabilities:		
Lease liability	327,032	515,271
Claims, judgments, and compensated absences	486,502	532,127
Post-employment benefits	2,863,825	3,583,244
Net pension liability	7,668,232	7,476,641
Total long-term liabilities	11,345,591	12,107,283
TOTAL LIABILITIES	12,205,165	14,099,106
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Related to pensions	132,032	293,016
Related to other post-employment benefits	2,035,333	1,863,933
Related to leases		53,730
Total deferred inflows of resources	2,167,365	2,210,679
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	14,372,530	16,309,785
<b>NET POSITION</b>		
Net position:		
Net investment in capital assets	13,148,150	14,207,761
Restricted - Federal grants	116,750	142,407
Restricted - Corp. for Public Broadcasting community service grants	2,926,862	1,812,868
Restricted - Other	94,457	
Unrestricted	(8,857,931)	(8,963,027)
Total Net Position	7,428,288	7,200,009
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 21,800,818	\$ 23,509,794

The accompanying notes are an integral part of these financial statements.

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –  
 ARKANSAS EDUCATIONAL TELEVISION COMMISSION  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2024

Exhibit B

Functions/Programs	Program Revenues			Net Revenue (Expense)	
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	
				2024	2023
Governmental activities:					
Education	\$ 16,917,039	\$ 253,155	\$ 3,684,110	\$ (12,979,774)	\$ (9,874,652)
Total governmental activities	\$ 16,917,039	\$ 253,155	\$ 3,684,110	(12,979,774)	(9,874,652)
Indirect administrative services				336,818	367,118
In-kind revenue					6,802
Investment earnings				145,978	103,846
Miscellaneous revenues				181,526	10,874
Transfers:					
General revenue distribution				5,823,608	5,472,881
CARES Act funding from other agencies				2,912,623	1,923,267
ARP Act funding from other agencies				652,078	397,744
Division of Elementary and Secondary Education				2,761,810	2,635,407
Arkansas Natural and Cultural Resources Council				555,000	
Other transfers				(161,388)	83,105
Total revenue and transfers				13,208,053	11,001,044
Change in net position				228,279	1,126,392
Net position - beginning				7,200,009	6,073,617
Net position - ending				\$ 7,428,288	\$ 7,200,009

The accompanying notes are an integral part of these financial statements.

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –  
 ARKANSAS EDUCATIONAL TELEVISION COMMISSION  
 BALANCE SHEET – GOVERNMENTAL FUNDS  
 JUNE 30, 2024

Exhibit C

	General Fund	
	2024	2023
<b>ASSETS</b>		
Cash and cash equivalents	\$ 5,556,717	\$ 4,716,714
Customer receivables	41,696	37,493
Federal receivables		286,508
Lease receivables		53,725
Accrued interest receivable		868
Due from other agencies	29,914	109,129
Prepaid expenses	448,211	571,250
TOTAL ASSETS	\$ 6,076,538	\$ 5,775,687
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts payable - vendors	\$ 52,264	\$ 329,548
Accrued payroll	115,113	117,983
Due to other agencies	165,968	16,267
Due to federal government		188,238
Unearned revenue		705,304
Total Liabilities	333,345	1,357,340
<b>Deferred inflows of resources:</b>		
Related to revenues	16,679	286,508
Related to leases		53,730
Total deferred inflows of resources	16,679	340,238
<b>Fund balances:</b>		
Nonspendable - prepaid expenses	448,211	571,250
Restricted - Corp. for Public Broadcasting community service grants	2,838,039	1,712,466
Restricted - Other	94,457	
Unassigned	2,345,807	1,794,393
Total Fund Balances	5,726,514	4,078,109
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 6,076,538	\$ 5,775,687

The accompanying notes are an integral part of these financial statements.

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –  
 ARKANSAS EDUCATIONAL TELEVISION COMMISSION  
 RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION  
 JUNE 30, 2024

Exhibit D

Total fund balance:		
Governmental fund		\$ 5,726,514
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital outlays, including leases, used in governmental activities are not financial resources and, therefore, are not reported in the funds.		13,148,150
Deferred outflows of resources are applicable to future reporting periods and, therefore, are not reported in the funds:		
Related to pensions	\$ 2,372,882	
Related to other post-employment benefits	<u>203,248</u>	
Total deferred outflows of resources		2,576,130
Accrued interest payable for long-term lease liabilities		(1,203)
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:		
Claims, judgments, and compensated absences	(564,126)	
Other post-employment benefits obligation	(2,993,915)	
Net pension liability	(7,668,232)	
GASB 87 lease liability	<u>(644,344)</u>	
Total long-term liabilities		(11,870,617)
Some deferred inflows of resources are applicable to future reporting periods and, therefore, are not reported in the funds:		
Related to pensions	(132,032)	
Related to other post-employment benefits	<u>(2,035,333)</u>	
Total deferred inflows of resources		(2,167,365)
Deferred inflows of resources related to revenues are reported in the funds but not in the government-wide financial statements.		<u>16,679</u>
Net position of governmental activities		<u><u>\$ 7,428,288</u></u>

The accompanying notes are an integral part of these financial statements.

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –  
 ARKANSAS EDUCATIONAL TELEVISION COMMISSION  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2024

Exhibit E

	General Fund	
	2024	2023
<b>REVENUES</b>		
Corporation for Public Broadcasting grants	\$ 2,461,390	\$ 2,285,737
Federal grants and reimbursements		(20,620)
Other grants	37,441	21,985
Production income	230,814	244,446
Foundation:		
Programming income	1,393,652	1,847,822
Production grant revenue	249,641	172,605
Interest income	145,978	103,846
Rents, royalties, and leases	3,457	42,390
Other sales, refunds, and reimbursements	12,242	11,374
Indirect administrative services:		
Services and tower and property rent appraised value	330,468	360,768
In-kind contributions:		
Tower and property rent appraised value	6,350	6,350
TOTAL REVENUES	4,871,433	5,076,703
Less: State Treasury service charge	16	53
NET REVENUES	4,871,417	5,076,650
<b>EXPENDITURES</b>		
Personal services - payroll	4,753,728	5,104,728
Employee benefits - matching	1,673,293	1,790,473
Communication and transportation of commodities	156,151	164,096
Printing and advertising	117,794	127,236
Repairing and servicing	584,549	520,922
Utilities and rent	1,348,489	1,225,952
Travel and subsistence	280,222	229,640
Professional services	286,278	311,568
Insurance and bonds	221,620	181,370
Other expenses and services	2,286,647	1,463,087
Commodities, materials, and supplies	3,647,388	3,536,587
Assistance, grants, and aids	146	631
Refunds, taxes, and claims	59,389	24,825
Low value asset purchases	93,031	229,561
Debt service	16,240	18,464
Capital outlay	409,737	571,234
TOTAL EXPENDITURES	15,934,702	15,500,374
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(11,063,285)	(10,423,724)

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –  
 ARKANSAS EDUCATIONAL TELEVISION COMMISSION  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2024

Exhibit E

	General Fund	
	2024	2023
OTHER FINANCING SOURCES (USES)		
Capitalized leases	\$ 167,959	
Interagency transfers:		
General revenue distribution	5,823,608	\$ 5,472,881
CARES Act funding from other agencies	2,912,623	1,923,267
ARP Act funding from other agencies	652,078	397,744
Division of Elementary and Secondary Education grants	2,761,810	2,635,407
Arkansas Natural and Cultural Resources Council grants	555,000	
Other transfers	(144,823)	83,262
Prior-year warrants outlawed and cancelled	50	6,840
Prior-year refund to expenditures	141	4,431
Other prior-year adjustments	(16,756)	(11,428)
	12,711,690	10,512,404
 TOTAL OTHER FINANCING SOURCES (USES)		
	1,648,405	88,680
 NET CHANGE IN FUND BALANCES		
	4,078,109	3,989,429
FUND BALANCES - JULY 1	4,078,109	3,989,429
	\$ 5,726,514	\$ 4,078,109
FUND BALANCES - JUNE 30	\$ 5,726,514	\$ 4,078,109

The accompanying notes are an integral part of these financial statements.

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –  
 ARKANSAS EDUCATIONAL TELEVISION COMMISSION  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2024

Exhibit F

Net change in fund balance-governmental fund \$ 1,648,405

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 409,737	
Depreciation expense	(1,482,281)	
Excess of capital outlay over depreciation expense		(1,072,544)

The net effect of various miscellaneous transactions involving capital assets is to decrease net position. 12,933

Governmental funds report agency pension contributions as expenditures. Some items reported in the Statement of Activities represent a change in net position that applies to future periods and includes the difference between expected and actual experience, changes in assumptions, expected earnings on plan investment, and employer contributions that are not recognized as an outflow or inflow until a future period and, therefore, are not reported as expenditures in governmental funds.

These activities consist of:

Increase in deferred inflows related to pensions and other post-employment benefits	(10,416)	
Decrease in deferred outflows related to pensions and other post-employment benefits	(950,214)	
		(960,630)

Decrease in deferred inflows related to revenues reported in the funds but not in the government-wide financial statements (269,829)

Some items reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities consist of:

Decrease in other post-employment benefits obligations	740,100	
Decrease in GASB 87 lease liability	266,858	
Decrease in accrued interest payable for long-term lease liabilities	23	
Decrease in claims, judgments, and compensated absences	54,554	
Increase in net pension liability	(191,591)	
		869,944

Change in net position of governmental activities \$ 228,279

The accompanying notes are an integral part of these financial statements.

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –  
 ARKANSAS EDUCATIONAL TELEVISION COMMISSION  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
 BUDGET AND ACTUAL – GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2024

Exhibit G

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amount		Actual	
	Original	Final		
<b>REVENUES</b>				
Grants and reimbursements			\$ 2,498,831	\$ 2,498,831
Production income			230,814	230,814
Foundation:				
Programming income			1,393,652	1,393,652
Production grant revenue			249,641	249,641
Interest income			145,978	145,978
Rents, royalties, and leases			3,457	3,457
Other sales, refunds, and reimbursements			12,242	12,242
Indirect administrative services:				
Services and tower and property rent appraised value			330,468	330,468
In-kind contributions:				
Tower and property rent appraised value			6,350	6,350
Cash funds	\$ 8,700,000	\$ 8,700,000	(16)	(8,700,016)
<b>TOTAL REVENUES</b>	<b>8,700,000</b>	<b>8,700,000</b>	<b>4,871,417</b>	<b>(3,828,583)</b>
<b>EXPENDITURES</b>				
Regular salaries	5,572,532	4,879,543	4,545,922	333,621
Extra help	378,889	299,069	207,806	91,263
Personal services matching	2,002,957	1,750,508	1,673,293	77,215
Operating expenses	6,162,952	10,612,709	8,731,614	1,881,095
Conference fees and travel	56,450	56,450	34,761	21,689
Professional fees and services	350,093	358,500	283,199	75,301
Resale (cost of goods sold)	5,000			
Promotional items	60,000	69,100	48,370	20,730
Grants and aid	40,000			
Capital outlay	500,000	500,000	409,737	90,263
Maintenance of infrastructure and network		1,927,769		1,927,769
<b>TOTAL EXPENDITURES</b>	<b>15,128,873</b>	<b>20,453,648</b>	<b>15,934,702</b>	<b>4,518,946</b>
<b>EXCESS (DEFICIENCY) OF OF REVENUES OVER EXPENDITURES</b>	<b>(6,428,873)</b>	<b>(11,753,648)</b>	<b>(11,063,285)</b>	<b>690,363</b>

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –  
 ARKANSAS EDUCATIONAL TELEVISION COMMISSION  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
 BUDGET AND ACTUAL – GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2024

Exhibit G

	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amount		Actual	
	Original	Final		
OTHER FINANCING SOURCES (USES)				
GASB 87 capitalized leases			\$ 167,959	\$ 167,959
Interagency transfers:				
General revenue distribution	\$ 5,823,608	\$ 5,823,608	5,823,608	
CARES Act funding from other agencies			2,912,623	2,912,623
ARP Act funding from other agencies			652,078	652,078
Division of Elementary and Secondary Education grants			2,761,810	2,761,810
Arkansas Natural and Cultural Resources grants			555,000	555,000
Other transfers			(144,823)	(144,823)
Prior-year warrants outlawed and cancelled			50	50
Prior-year refund to expenditures			141	141
Other prior-year adjustments			(16,756)	(16,756)
	<u>5,823,608</u>	<u>5,823,608</u>	<u>12,711,690</u>	<u>6,888,082</u>
 TOTAL OTHER FINANCING SOURCES (USES)				
	(605,265)	(5,930,040)	1,648,405	7,578,445
 NET CHANGE IN FUND BALANCES				
FUND BALANCES - JULY 1	<u>4,078,109</u>	<u>4,078,109</u>	<u>4,078,109</u>	
FUND BALANCES - JUNE 30	<u>\$ 3,472,844</u>	<u>\$ (1,851,931)</u>	<u>\$ 5,726,514</u>	<u>\$ 7,578,445</u>

The accompanying notes are an integral part of these financial statements.

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –  
ARKANSAS EDUCATIONAL TELEVISION COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024

NOTE 1: Summary of Significant Accounting Policies

A. Reporting Entity/History

The Arkansas Educational Television Commission, a commission of Arkansas state government, was created by Act 198 of 1961 for the purpose of making educational television available to Arkansas citizens and promoting its fullest use. The Commission is specifically charged with controlling and supervising the use of channels reserved by the Federal Communications Commission for Arkansas for non-commercial educational use. Act 38 of 1971 transferred the Commission into the Department of Education.

The Commission consists of eight members appointed by the Governor, with at least one member from each of the State's congressional districts. At least one member is to be actively engaged in the field of education in the Arkansas public school system, and one member is to be actively engaged in education in an Arkansas institution of higher learning. Each member is entitled to receive a stipend not to exceed \$60 for each meeting attended, plus reimbursement for expenses at the rate established for state employees by state travel regulations, in accordance with Ark. Code Ann. §§ 25-16-901 – 25-16-903.

The implementation of Act 910 of 2019 resulted in the re-naming of the Arkansas Department of Education – Arkansas Educational Television Commission to the Division of Elementary and Secondary Education – Arkansas Educational Television Commission.

Effective February 28, 2020, the Arkansas Educational Television Network changed its name to Arkansas PBS. The new name was adopted across all of the network's channels.

B. Basis of Presentation

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting in the United States of America.

The basic financial statements have been prepared from accounts maintained by the Department of Finance and Administration and the Commission.

Government-Wide Financial Statements

The statement of net position and the statement of activities report information on all governmental activities of the Commission. Governmental activities generally are financed through taxes, inter-governmental revenues, and other non-exchange revenues.

The statement of net position presents the Commission's assets and deferred outflows of resources, as well as liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

- Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by any outstanding balances of related debt.
- Restricted net position results when constraints placed on asset use are either externally imposed by grantors, contributors, or the like or imposed by law through constitutional provision or enabling legislation.
- Unrestricted net position does not meet the definition of the two preceding categories and is generally available for Commission purposes.

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –  
ARKANSAS EDUCATIONAL TELEVISION COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

In the government-wide statement of activities, revenues and expenses are segregated by function. Direct expenses are those that are clearly identifiable with a specific function. Revenues are classified as program revenues. Program revenues include (1) charges to customers for goods, services, or privileges provided and (2) operating grants and contributions. Certain indirect costs are included in the program expenses reported for individual function and activities.

Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein, which are segregated for purposes of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The following types of funds, if applicable to this Commission, are recognized in the accompanying financial statements.

Fund Financial Statements

Separate financial statements are provided for the governmental fund (i.e., the general fund). The following describes the major funds and categories used in the accompanying financial statements.

Governmental Funds

General Fund – General Fund is the major governmental fund of the Commission. As the general operating fund of the Commission, it is used to account for all financial resources obtained and spent for those services normally provided by the Commission.

The focus of the Governmental Fund measurement (in the fund financial statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources), rather than upon net income.

Fiduciary Funds

Trust and Custodial Funds – The Commission does not have fiduciary activities; therefore, no fiduciary activities are included in the government-wide financial statements.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized and reported in the financial statements. The accrual basis of accounting, with a “flow of economic resources” measurement focus, is utilized in the government-wide financial statements. Under this accounting basis, revenues are recognized when earned, and expenses are recognized when incurred, regardless of the timing of the related cash flows. Significant revenues susceptible to accrual include federal reimbursements, federal grants, and other reimbursements for use of materials and services.

Financial statements for governmental funds are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. “Available” means collectible within the current period or soon enough thereafter to pay current liabilities (i.e., 45 days). Expenditures are generally recognized under the modified accrual basis when the related fund liability is incurred. Revenues from federal grants and federal reimbursements are recognized when all applicable eligibility requirements and the availability criteria of 45 days have been met.

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –  
 ARKANSAS EDUCATIONAL TELEVISION COMMISSION  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Cash and Cash Equivalents

Cash and cash equivalents include demand accounts, imprest accounts, cash on hand, cash in State Treasury, all certificates of deposit with maturities at purchase of 90 days or less, and all short-term instruments with maturities at purchase of 90 days or less. All short-term investments are stated at fair value.

E. Capital Assets

Capital assets, which include equipment, buildings and building improvements, infrastructure, land and land improvements, intangible assets, and other capital assets, are reported in the governmental activity columns of the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at fair value at the date of donation.

Capital assets purchased (or leased) and in the custody of this Commission were recorded as expenditures at the time of purchase (lease inception). Assets with costs exceeding \$5,000 and an estimated useful life exceeding one year are reported at historical cost, including ancillary costs (such as professional fees and costs, freight costs, preparation or setup costs, and installation costs). Infrastructure or public domain fixed assets (such as roads, bridges, tunnels, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems) are also capitalized. Only leases in excess of \$25,000 with non-State entities were recorded in the statewide accounting system. Gifts or contributions are generally recorded in the accounts at acquisition value at the time received. Acquisition value is the market value if the Commission would have purchased the item. In accordance with current accounting principles generally accepted in the United States of America, general capital assets and depreciation are reported in the State's "Government-Wide" financial statements but are not reported in the governmental fund financial statements. Depreciation is reported for proprietary fund capital assets based on a straight-line method, with no salvage value. Estimated useful lives generally assigned as follows:

Assets:	Years
Equipment	5-20
Buildings and building improvements	20-50
Infrastructure	10-40
Land improvements	10-100
Intangibles	4-95
Other capital assets	10-15

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –  
ARKANSAS EDUCATIONAL TELEVISION COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Capital Assets (Continued)

Capital assets activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 75,648			\$ 75,648
Total capital assets, not being depreciated/amortized	<u>75,648</u>			<u>75,648</u>
Capital assets, being depreciated/amortized:				
Improvements	128,666			128,666
Infrastructure	8,551,073			8,551,073
Buildings	12,113,283			12,113,283
Equipment	15,281,701	\$ 241,133	\$ (37,655)	15,485,179
Other depreciable/amortizable assets	745,638	13,578		759,216
Right-to-Use assets:				
RtU land	415,796			415,796
RtU buildings	33,400			33,400
RtU infrastructure	1,277,276	167,960		1,445,236
Total capital assets, being depreciated/amortized	<u>38,546,833</u>	<u>422,671</u>	<u>(37,655)</u>	<u>38,931,849</u>
Subtotal	<u>38,622,481</u>	<u>422,671</u>	<u>(37,655)</u>	<u>39,007,497</u>
Less accumulated depreciation/amortization for:				
Improvements	(35,695)	(9,251)		(44,946)
Infrastructure	(3,814,263)	(355,034)		(4,169,297)
Buildings	(6,837,145)	(203,779)		(7,040,924)
Equipment	(12,358,265)	(541,838)	38,194	(12,861,909)
Other depreciable/amortizable assets	(687,586)	(24,648)		(712,234)
Right-to-Use assets:				
RtU land	(95,899)	(51,266)		(147,165)
RtU buildings	(13,184)	(10,547)		(23,731)
RtU infrastructure	(572,683)	(286,458)		(859,141)
Total accumulated depreciation/amortization	<u>(24,414,720)</u>	<u>(1,482,821)</u>	<u>38,194</u>	<u>(25,859,347)</u>
Governmental activities capital assets, net	<u>\$14,207,761</u>	<u>\$ (1,060,150)</u>	<u>\$ 539</u>	<u>\$13,148,150</u>

F. Deposits and Investments

State Board of Finance Policies

Ark. Code Ann. § 19-4-805 requires that agencies holding monies not deposited in the State Treasury, other than the institutions of higher learning, abide by the recommendations of the State Board of Finance. The State Board of Finance promulgated cash management, collateralization, and investments policies and procedures, effective July 14, 2012, as referenced in the Financial Management Guide issued by the Department of Finance and Administration for use by all state agencies.

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –  
ARKANSAS EDUCATIONAL TELEVISION COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Deposits and Investments (Continued)

State Board of Finance Policies (Continued)

The stated goal of state cash management is the protection of principal, while maximizing investment income and minimizing non-interest earning balances. Deposits are to be made within the borders of the State of Arkansas and must qualify for Federal Deposit Insurance Corporation (FDIC) deposit insurance coverage. Policy requires a minimum of four bids to be sought on interest-bearing deposits in order to obtain the highest rate possible.

Policy states that funds are to be in transactional and non-transactional accounts as defined in the Financial Management Guide. Funds in excess of immediate expenditure requirements (excluding minimum balances) should not remain in non-interest bearing accounts.

State Board of Finance policy states that cash funds may only be invested in accounts and investments authorized under Ark. Code Ann. §§ 19-3-510, -518. All noncash investments must be held in safekeeping by a bank or financial institution. In addition, all cash funds on deposit with a bank or financial institution that exceed FDIC deposit insurance coverage must be collateralized. Collateral pledged must be held by an unaffiliated third-party custodian in an amount at least equal to 105% of the cash funds on deposit.

Deposits

Deposits are carried at cost and consist of cash in State Treasury totaling \$5.6 million. State Treasury Management Law governs the management of funds held in the State Treasury, and the Treasurer of State is responsible for ensuring these funds are adequately insured and collateralized.

G. Interfund Balances and Transfers

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

H. Prepaid Expenses

Prepaid expenses generally represent the cost of consumable supplies on hand or unexpired services at year-end. The cost of these items is included with expenditures at the time of purchase. Prepaid expenses, as reported in the general fund financial statements, are also recorded as a nonspendable component of fund balance indicating that they do not constitute "available, spendable financial resources."

I. Deferred Outflows of Resources and Deferred Inflows of Resources

Deferred outflows of resources represent a decrease of net position that applies to future periods. Thus, these items will not be recognized as an outflow of resources (an expense or expenditure) until a future period.

Deferred inflows of resources represent an increase of net position that applies to future periods. These items will not be recognized as an inflow of resources (revenue) until a future period

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –  
ARKANSAS EDUCATIONAL TELEVISION COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

J. Pension Plan

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, which became effective with the fiscal year ending June 30, 2015. The Statement establishes standards for public pension plan obligations for participating employers. Under the statement, a cost-sharing employer whose employees receive pensions through a trust will report in the government-wide statements a net pension liability, deferred outflows or inflows of resources related to pensions, and a pension expense based on its proportionate share of the collective net pension liability of all employers in the plan. A net pension liability can be volatile due to changes in actuarial estimates and actual investment return.

The Commission's net pension liability at June 30, 2024 and 2023, amounted to \$7.7 million and \$7.5 million, respectively. Net pension liability is based on the Commission's contributions as a pro rata share of the total contributions of all participating employers in the plan. The net change to the net pension liability during the year ended June 30, 2024, amounted to \$191,591. The State of Arkansas 2024 Annual Comprehensive Financial Report (ACFR) will contain the complete pension footnote required by GASB Statement No. 68.

Arkansas Public Employees Retirement System

Plan Description – The Commission contributes to the Arkansas Public Employees Retirement System (APERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the APERS Board of Trustees. APERS provides retirement and disability benefits, annual redetermination of benefit adjustments, and survivor benefits to plan members and beneficiaries. The Constitution of Arkansas, Article 5, vests with the General Assembly the legislative power to enact and amend benefit provisions of APERS as published in Chapters 2, 3, and 4 of Title 24 of the Arkansas Code Annotated. APERS issues a publicly-available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to Arkansas Public Employees Retirement System, One Union National Plaza, 124 West Capitol, Little Rock, Arkansas 72201 or by calling 1-501-682-7855.

Funding Policy – Contributory plan members are required to contribute 5.50% of their annual covered salary. The Commission is required to contribute for all covered state employees at the rate of 15.32% of annual covered payroll. The contribution requirements of plan members are established and may be amended by the Arkansas General Assembly. The contribution requirements of the Commission are established and may be amended by the APERS Board of Trustees. The Commission's contributions to APERS for the years ended June 30, 2024, 2023, and 2022, were \$24,507, \$25,246, and \$23,392, respectively, equal to the required contributions for each year.

Arkansas Teacher Retirement System

Plan Description – The Commission contributes to the Arkansas Teacher Retirement System (ATRS), a cost-sharing, multiple-employer defined benefit pension plan administered by the ATRS Board of Trustees. ATRS provides retirement and disability benefits, annual redetermination of benefit adjustments, and survivor benefits to plan members and beneficiaries. The Constitution of Arkansas, Article 5, vests the General Assembly with legislative power, which includes the enactment and amendment of ATRS benefit provisions as published in Chapter 7 of Title 24 of the Arkansas Code Annotated. ATRS issues a publicly-available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, Arkansas 72201 or by calling 1-800-666-2877.

Funding Policy – Contributory plan members are required to contribute 7.00% of their annual covered salary. The Commission is required to contribute for all covered state employees at the rate of 15.00% of annual covered payroll. The contribution requirements of plan members and the Commission are established and may be amended by the Arkansas General Assembly. The Commission's contributions to ATRS were \$689,200, \$772,082, and \$691,310 for the years ended June 30, 2024, 2023, and 2022, respectively, which is equal to the required contributions for each year.

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –  
ARKANSAS EDUCATIONAL TELEVISION COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

K. Fund Equity

Net Position and Fund Balance

The difference between total assets, total deferred outflows of resources, total liabilities, and total deferred inflows of resources is presented as “Net Position” on the government-wide financial statements and as “Fund Balance” on the governmental fund financial statements.

Net Position

In the government-wide financial statements, net position represents assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

- Net investment in capital assets, net of accumulated depreciation, reduced by any outstanding balances of related debt.
- Restricted net position, which results when constraints placed on asset use are either externally imposed by creditors, grants, contributors, or the like imposed by law through constitutional provision or enabling legislation. The amount of restricted assets is reduced by liabilities and deferred inflows of resources related to those assets.
- Unrestricted net position does not meet the definition of the two preceding categories and is generally available for government purposes.

Fund Balance

In the fund financial statements, fund balance is reported in one of five classifications, where applicable, based on the constraints imposed on the use of the resources.

The nonspendable fund balance includes amounts that cannot be spent because they are either (a) not in spendable form (e.g., prepaid items, inventories, long-term amount of loans and notes receivables, etc.) or (b) legally or contractually required to be maintained intact.

The spendable portion of fund balance, where applicable, comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

*Restricted fund balance.* This classification reflects constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

*Committed fund balance.* These amounts can only be used for specific purposes according to constraints imposed by legislation of the General Assembly, the government’s highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the General Assembly removes or changes the constraint by the same action that imposed the constraint.

*Assigned fund balance.* This classification reflects amounts constrained by the State’s “intent” to be used for specific purposes but are neither restricted nor committed. The General Assembly has the authority to assign amounts to be used for specific purposes by legislation or approved methods of financing.

*Unassigned fund balance.* This amount is the residual classification for the general fund.

When more than one spendable classification is available for use, it is the State’s policy to use the resources in this order: restricted, committed, assigned, and unassigned.

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –  
ARKANSAS EDUCATIONAL TELEVISION COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024

NOTE 1: Summary of Significant Accounting Policies (Continued)

L. Budgetary Data

The State utilizes an annual budgeting process with budget amounts initially derived from the previous fiscal year's funded allocation. In accordance with the appropriations and funding provided by the Legislature, individual state agencies have been charged with the responsibility of administering and managing their programs as authorized by the Legislature. Agencies are also charged with the responsibility of preparing an annual operations plan as a part of the budgetary process for the operation of each of their assigned programs. State law provides for the establishment of a comprehensive financial management system that includes adequate controls over receipts, expenditures, and balances of Agency funds. It is mandated that this system include a modified accrual system, conform with generally accepted governmental accounting principles, and provide a reporting system whereby actual expenditures are compared to expenditures projected in the Commission's annual operation plan.

M. Compensated Absences – Employee Leave

Annual leave is earned by all full-time employees. Upon termination, employees are entitled to receive compensation for their unused accrued annual leave up to 30 days. Liabilities for compensated absences are determined at the end of the year based on current salary rates.

Sick leave is earned by all full-time employees and may be accrued up to 120 days. Compensation up to a maximum of \$7,500 for unused sick leave is payable to employees upon retirement.

Compensated absences are reported in the State's "Government-Wide" financial statements but are not reported as liabilities or expenditures in the governmental funds. However, the compensated absences payable attributable to the Commission's employee annual and sick leave as of June 30, 2024 and 2023, amounted to \$564,126 and \$618,681, respectively. The net changes to compensated absences payable during the year ended June 30, 2024, amounted to \$(54,555).

N. Postemployment Benefits Other Than Pensions (OPEB)

Arkansas State Employee Health Insurance Plan (Plan)

Plan Description – The Department of Transformation and Shared Services – Employee Benefits Division (DTSS-EBD) provides medical and prescription drug benefits for eligible state employees and retirees. Policies for DTSS-EBD related to medical and prescription drug plans are established by the State Board of Finance (Board) and may include ad hoc benefit changes or annual cost redeterminations. For the current year, no ad hoc or cost redetermination changes occurred. The Constitution of Arkansas, Article 5, vests the General Assembly with legislative power to enact and amend duties of and benefit provisions of the Board and DTSS-EBD, respectively, as published in Subchapter 4, Chapter 5 of Title 21 of the Arkansas Code Annotated. DTSS-EBD is included in the State of Arkansas's Annual Comprehensive Financial Report (ACFR), which includes all applicable financial information, notes, and required supplementary information. That report may be obtained by writing to Department of Transformation and Shared Services, 501 Woodlane, Suite 201, Little Rock, Arkansas 72201 or by calling 501-319-6565.

The Commission contributes to the Plan, a single employer defined benefit OPEB plan administered by DTSS-EBD, on a monthly basis. The Board establishes medical and prescription drug benefits for three classes of covered individuals: active employees, terminated employees with accumulated benefits, and retirees and beneficiaries. The Plan is established on the basis of a pay-as-you-go financing requirement, and no assets are accumulated in a trust, as defined by Governmental Accounting Standards Board (GASB) Statement No. 75. The State's annual OPEB cost for the Plan is based on an actuarially-determined calculated amount made in accordance with GASB Statement No. 75.

Funding Policy – Employer contributions to the Plan are established by Ark. Code Ann. § 21-5-414 and may not exceed \$550 per budgeted position. Employees, retirees, and beneficiaries contribute varying amounts based on the type of coverage and inclusion of family members. Benefits for Medicare-eligible retirees are coordinated with Medicare Parts A and B, and the Plan is the secondary payer.

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –  
ARKANSAS EDUCATIONAL TELEVISION COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024

NOTE 2: Arkansas Educational Telecommunications Network Foundation, d/b/a Arkansas PBS Foundation

The Arkansas Educational Telecommunications Network Foundation (AETNF) is a nonprofit Arkansas corporation formed in 1984 to obtain, hold, invest, reinvest, and administer funds and other property for the benefit of the Arkansas Educational Television Commission (AETC) of the State of Arkansas. In 2020, AETNF applied to the Arkansas Secretary of State for the fictitious name Arkansas PBS Foundation. AETNF is not considered a component unit of AETC, and accordingly, AETNF financial data are not included in the government-wide or the governmental funds financial statements presented in this report. AETNF financial statements that were audited by an independent certified public accounting firm for the year ended June 30, 2024, are presented below in summary form.

ARKANSAS EDUCATIONAL TELEVISION NETWORK FOUNDATION  
STATEMENT OF NET POSITION  
JUNE 30, 2024

<b>ASSETS</b>	
Cash	\$ 2,538,959
Investments	9,031,401
Accounts receivable	182,578
Prepaid expenses	28,578
Equipment (net)	11,509
RtU asset	27,281
<b>TOTAL ASSETS</b>	<b>\$ 11,820,306</b>
<b>LIABILITIES AND NET ASSETS</b>	
Liabilities:	
Accounts payable	\$ 42,348
Accrued expenses	94,229
Current portion of operating lease liabilities	9,422
Deferred revenues - unexpended grant funds and deferred revenues for programs not broadcast	90,825
Operating lease liabilities	17,859
<b>TOTAL LIABILITIES</b>	<b>254,683</b>
Net Assets	
Without donor restrictions	1,733,023
With donor restrictions	9,832,600
<b>TOTAL NET ASSETS</b>	<b>11,565,623</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 11,820,306</b>

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –  
ARKANSAS EDUCATIONAL TELEVISION COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024

NOTE 2: Arkansas Educational Telecommunications Network Foundation, d/b/a Arkansas PBS Foundation  
(Continued)

ARKANSAS EDUCATIONAL TELEVISION NETWORK FOUNDATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2024

REVENUES	
Contributions	\$ 3,306,638
Underwriting	562,058
Realized gain on investments	29
Other revenue and gains	1,077,227
TOTAL REVENUES	4,945,952
EXPENSES AND LOSSES	
Programming	1,545,634
Development and fundraising	1,425,175
Other expenses and losses	818,445
TOTAL EXPENSES AND LOSSES	3,789,254
CHANGE IN NET ASSETS	1,156,698
NET ASSETS, BEGINNING OF YEAR	10,408,925
NET ASSETS, END OF YEAR	\$ 11,565,623

NOTE 3: Leases

A lease is defined as a contractual agreement that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction.

Lease Receivables

As the lessor, the Commission leases out part of its office space. The related receivables are presented in the Statement of Net Position and the Balance Sheet for the amounts equal to the present value of lease payments expected to be received during the lease term. For the year ended June 30, 2024, total lease-related inflows recognized by the general fund were \$53,725. The Commission had no significant variable payments, residual value guarantees, or lease termination penalties related to its lease agreements as of June 30, 2024.

Lease Obligations

The Commission leases nonfinancial assets including land and infrastructure. The leased assets and related liabilities are presented in the Statement of Net Position. Since the Governmental Fund financial statements of the Commission are presented using the modified accrual basis of accounting, no liability or leased asset is reflected on the Balance Sheet. For more information on the Commission's right-to-use assets, refer to Note 1.E, above. Future amounts required to pay principal and interest on lease obligations as of June 30, 2024, were as follows:

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION –  
 ARKANSAS EDUCATIONAL TELEVISION COMMISSION  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2024

NOTE 3: Leases (Continued)

<u>Years ending June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 326,055	\$ 8,743	\$ 334,798
2026	140,044	4,044	144,088
2027	66,145	2,613	68,758
2028	32,100	1,826	33,926
2029	30,000	1,364	31,364
2030-2034	69,900	1,310	71,210
Totals	<u>\$ 664,244</u>	<u>\$ 19,900</u>	<u>\$ 684,144</u>

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION -  
 ARKANSAS EDUCATIONAL TELEVISION COMMISSION  
 SCHEDULE OF SELECTED INFORMATION  
 JUNE 30, 2024  
 (UNAUDITED)

Schedule 1

	For the Year Ended June 30,				
	2024	2023	2022	2021	2020
<b>GENERAL FUND</b>					
Total Assets	\$ 6,076,538	\$ 5,775,687	\$ 5,528,792	\$ 6,036,384	\$ 3,554,835
Total Liabilities	333,345	1,357,340	1,331,952	913,585	601,718
Total Deferred Inflows of Resources	16,679	340,238	207,411		
Total Fund Equity	5,726,514	4,078,109	3,989,429	5,122,799	2,953,117
Net Revenues	4,871,417	5,076,650	4,434,421	4,762,428	4,089,754
Total Expenditures	15,934,702	15,500,374	19,396,412	15,652,712	11,713,091
Total Other Financing Sources (Uses)	12,711,690	10,512,404	13,828,621	13,059,966	8,393,753

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION -  
ARKANSAS EDUCATIONAL TELEVISION COMMISSION AND  
ARKANSAS PBS FOUNDATION  
SCHEDULE OF COMBINED STATEMENT OF NET POSITION  
JUNE 30, 2024  
(UNAUDITED)

Schedule 2

	<u>Commission Gov't Activities 2024</u>	<u>AETN Foundation 2024</u>	<u>Combined Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 5,556,717	\$ 1,984,795	\$ 7,541,512
Customer receivables	41,696	182,578	224,274
Due from other agencies	29,914		29,914
Prepaid expenses	<u>448,211</u>	<u>28,578</u>	<u>476,789</u>
Total current assets	<u>6,076,538</u>	<u>2,195,951</u>	<u>8,272,489</u>
Restricted assets:			
Cash		554,164	554,164
Investments		<u>9,031,401</u>	<u>9,031,401</u>
Total restricted assets		<u>9,585,565</u>	<u>9,585,565</u>
Other assets:			
Operating lease right of use assets		<u>27,281</u>	<u>27,281</u>
Capital assets:			
Capital assets not being depreciated/amortized	75,648		75,648
Capital assets being depreciated/amortized, net	<u>13,072,501</u>	<u>11,509</u>	<u>14,144,764</u>
Capital assets, net	<u>13,148,149</u>	<u>11,509</u>	<u>13,159,658</u>
 TOTAL ASSETS	 <u>19,224,687</u>	 <u>11,820,306</u>	 <u>31,044,993</u>
 DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	2,372,882		2,372,882
Related to other post-employment benefits	<u>203,249</u>		<u>203,249</u>
Total deferred outflows of resources	<u>2,576,131</u>		<u>2,576,131</u>
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	 <u>\$ 21,800,818</u>	 <u>\$ 11,820,306</u>	 <u>\$ 33,621,124</u>

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION -  
 ARKANSAS EDUCATIONAL TELEVISION COMMISSION AND  
 ARKANSAS PBS FOUNDATION  
 SCHEDULE OF COMBINED STATEMENT OF NET POSITION  
 JUNE 30, 2024  
 (UNAUDITED)

Schedule 2

	Commission Gov't Activities 2024	AETN Foundation 2024	Combined Total
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable - vendors	\$ 52,264	\$ 42,348	\$ 94,612
Accrued payroll	115,113	94,229	209,342
Due to other agencies	165,968		165,968
Accrued interest payable	1,203		1,203
Lease liability	317,312	9,422	326,734
Claims, judgments, and compensated absences	77,624		77,624
Deferred revenues		90,825	90,825
Current other post-employment benefits	130,090		130,090
Total current liabilities	859,574	236,824	1,096,398
Long-term liabilities:			
Lease liability	327,032	17,859	344,891
Claims, judgments, and compensated absences	486,502		486,502
Post-employment benefits	2,863,825		2,863,825
Net pension liability	7,668,232		7,668,232
Total long-term liabilities	11,345,591	17,859	11,363,450
TOTAL LIABILITIES	12,205,165	254,683	12,459,848
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to pensions	132,032		132,032
Related to other post-employment benefits	2,035,333		2,035,333
Total deferred inflows of resources	2,167,365		2,167,365
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	14,372,530	254,683	14,627,213
<b>NET POSITION</b>			
Net position:			
Net investment in capital assets	13,148,149		13,148,149
Restricted - grants	3,138,069		3,138,069
Restricted - investments with donor restrictions		9,832,600	9,832,600
Unrestricted	(8,857,930)	1,733,023	(7,124,907)
Total Net Position	7,428,288	11,565,623	18,993,911
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 21,800,818	\$ 11,820,306	\$ 33,621,124

Note: Schedules 2 and 3 are provided to meet the request for information by the Corporation for Public Broadcasting.

DIVISION OF ELEMENTARY AND SECONDARY EDUCATION -  
ARKANSAS EDUCATIONAL TELEVISION COMMISSION AND  
ARKANSAS PBS FOUNDATION  
SCHEDULE OF COMBINED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2024  
(UNAUDITED)

Schedule 3

Functions/Programs	Program Revenues			Net Revenue (Expense) Governmental	Net Revenue (Expense) AETN Foundation	Eliminations	Combined Total
	Expenses	Charges for Services	Operating Grants and Contributions				
Governmental activities:							
Education	\$ 16,917,039	\$ 253,155	\$ 3,684,110	\$ (12,979,774)			\$ (12,979,774)
(Revenue elimination)						\$ (1,643,293)	(1,643,293)
Total governmental activities	<u>\$ 16,917,039</u>	<u>\$ 253,155</u>	<u>\$ 3,684,110</u>	<u>(12,979,774)</u>		<u>(1,643,293)</u>	<u>(14,623,067)</u>
AETN Foundation:							
Development	\$ 3,789,254	\$ 4,077	\$ 4,478,138		\$ 692,961		692,961
(Expense elimination)						1,643,293	1,643,293
Total AETN Foundation	<u>\$ 3,789,254</u>	<u>\$ 4,077</u>	<u>\$ 4,478,138</u>		<u>692,961</u>	<u>1,643,293</u>	<u>2,336,254</u>
Indirect administrative services				336,818			336,818
In-kind revenue					53,374		53,374
Investment earnings				145,978	410,363		556,341
Miscellaneous revenues				181,526			181,526
Transfers:							
General revenue distribution				5,823,608			5,823,608
Federal funding from other agencies				3,564,701			3,564,701
Division of Elementary and Secondary Education				2,761,810			2,761,810
Arkansas Natural and Cultural Resources Council				555,000			555,000
Other transfers				(161,388)			(161,388)
Total revenue and transfers				<u>13,208,053</u>	<u>463,737</u>		<u>13,671,790</u>
Change in net position				228,279	1,156,698		1,384,977
Net position - beginning				<u>7,200,009</u>	<u>10,408,925</u>		<u>17,608,934</u>
Net position - ending				<u>\$ 7,428,288</u>	<u>\$ 11,565,623</u>		<u>\$ 18,993,911</u>

Note: Schedules 2 and 3 are provided to meet the request for information by the Corporation for Public Broadcasting.

**ARKANSAS EDUCATIONAL TELECOMMUNICATIONS**  
**NETWORK FOUNDATION**

**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2024 AND 2023**

**ARKANSAS EDUCATIONAL TELECOMMUNICATIONS**

**NETWORK FOUNDATION**

**JUNE 30, 2024 AND 2023**

**C O N T E N T S**

	<u>Page No.</u>
<b>INDEPENDENT AUDITORS' REPORT .....</b>	<b>1 - 2</b>
<b>FINANCIAL STATEMENTS:</b>	
Statements of Financial Position .....	3
Statements of Activities .....	4
Statements of Functional Expenses .....	5 - 6
Statements of Cash Flows .....	7
<b>NOTES TO FINANCIAL STATEMENTS .....</b>	<b>8 - 18</b>

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Arkansas Educational Telecommunications  
Network Foundation  
Conway, Arkansas

### **Opinion**

We have audited the accompanying financial statements of Arkansas Educational Telecommunications Network Foundation (a nonprofit organization), which comprise the Statements of Financial Position as of June 30, 2024 and 2023, and the related Statements of Activities, Functional Expenses, and Cash Flows for the years 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 Arkansas Educational Telecommunications Network Foundation as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years 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 Arkansas Educational Telecommunications Network Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Arkansas Educational Telecommunications Network Foundation'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 the Financial Statements**

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional

omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Arkansas Educational Telecommunications Network Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Arkansas Educational Telecommunications Network Foundation 's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Arkansas Accounting*

Conway, Arkansas  
January 9, 2025

**FINANCIAL STATEMENTS**

**ARKANSAS EDUCATIONAL TELECOMMUNICATIONS NETWORK FOUNDATION**

**STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2024 AND 2023**

**ASSETS**

	JUNE 30,	
	<u>2024</u>	<u>2023</u>
<b><u>Current Assets:</u></b>		
Cash	\$ 1,984,795	\$ 1,673,318
Accounts receivable - underwriting	118,898	78,126
Accounts receivable - pledges (Net of allowance for doubtful accounts) - Note 3	63,680	78,753
Accounts receivable - miscellaneous	-	532
Prepaid expenses	28,578	2,403
Total Current Assets	<u>2,195,951</u>	<u>1,833,132</u>
<b><u>Restricted Assets:</u></b>		
Cash	554,164	654,952
Investments - Note 5	9,031,401	8,127,579
Total Restricted Assets	<u>9,585,565</u>	<u>8,782,531</u>
<b><u>Other Assets:</u></b>		
Operating lease right of use assets	27,281	89,394
Investments - Note 5	-	0
Total Other Assets	<u>27,281</u>	<u>89,394</u>
<b><u>Property and Equipment - Note 1:</u></b>		
Equipment	346,835	342,968
Less: Accumulated depreciation	<u>(335,326)</u>	<u>(330,317)</u>
Total Property and Equipment	<u>11,509</u>	<u>12,651</u>
 Total Assets	 <u>\$ 11,820,306</u>	 <u>\$ 10,717,708</u>

The accompanying notes are an integral part of the financial statements.

**ARKANSAS EDUCATIONAL TELECOMMUNICATIONS NETWORK FOUNDATION**

**STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2024 AND 2023**

**LIABILITIES AND NET ASSETS**

	JUNE 30,	
	<u>2024</u>	<u>2023</u>
<u>Current Liabilities:</u>		
Accounts payable	\$ 42,348	\$ 56,715
Accrued expenses	94,229	104,784
Current portion of operating lease liabilities	9,422	62,113
Deferred revenues - unexpended grant funds and deferred revenues for programs not yet broadcast - Note 7	90,825	57,890
Total Current Liabilities	<u>236,824</u>	<u>281,502</u>
<u>Other Long Term Liabilities:</u>		
Operating lease liabilities	<u>17,859</u>	<u>27,281</u>
Total Liabilities	<u>254,683</u>	<u>308,783</u>
<u>Net Assets:</u>		
Without donor restrictions	1,733,023	1,469,515
With donor restrictions - Note 8	<u>9,832,600</u>	<u>8,939,410</u>
Total Net Assets	<u>11,565,623</u>	<u>10,408,925</u>
Total Liabilities and Net Assets	<u>\$ 11,820,306</u>	<u>\$ 10,717,708</u>

The accompanying notes are an integral part of the financial statements.

**ARKANSAS EDUCATIONAL TELECOMMUNICATIONS NETWORK FOUNDATION**

**STATEMENTS OF ACTIVITIES**

**JUNE 30, 2024 AND 2023**

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<u>Revenues, Gains, and Other Support:</u>						
Membership	\$ 3,306,638	\$ -	\$ 3,306,638	\$ 3,207,934	\$ -	\$ 3,207,934
Program underwriting	-	191,333	191,333	-	196,475	196,475
Grant & Project Funding	-	370,725	370,725	105,500	465,704	571,204
Other special events	49,080	-	49,080	58,638	-	58,638
Estate gifts	-	560,362	560,362	-	201,847	201,847
Interest and dividend income	45,587	392,949	438,536	33,564	168,657	202,221
Realized gain (loss) on sale of investments	-	29	29	-	168,748	168,748
Unrealized gain (loss) on investments	-	(28,202)	(28,202)	-	-	-
Investment income (loss) - Public Media Ventures Group	-	-	-	(257)	-	(257)
Miscellaneous income	4,077	-	4,077	3,064	-	3,064
In-kind contribution	53,374	-	53,374	77,942	-	77,942
<u>Net Assets Released from Restrictions:</u>						
Expiration of time restrictions - Note 8	594,006	(594,006)	-	204,571	(204,571)	-
 Total Revenues, Gains, and Other Support	 4,052,762	 893,190	 4,945,952	 3,690,956	 996,860	 4,687,816
<u>Expenses and Losses:</u>						
Programming	1,545,634	-	1,545,634	1,984,728	-	1,984,728
Promotion	330,411	-	330,411	407,840	-	407,840
Production	359,545	-	359,545	469,059	-	469,059
Development and fundraising	1,425,175	-	1,425,175	1,277,972	-	1,277,972
Management and general	128,489	-	128,489	167,993	-	167,993
 Total Expenses and Losses	 3,789,253	 -	 3,789,253	 4,307,592	 -	 4,307,592
 Change in Net Assets	 263,508	 893,190	 1,156,699	 (616,636)	 996,860	 380,224
 Net Assets at Beginning of Year	 1,469,515	 8,939,410	 10,408,925	 2,086,151	 7,942,550	 10,028,701
 Net Assets at End of Year	 \$ 1,733,023	 \$ 9,832,600	 \$ 11,565,623	 \$ 1,469,515	 \$ 8,939,410	 \$ 10,408,925

The accompanying notes are an integral part of the financial statements.

**ARKANSAS EDUCATIONAL TELECOMMUNICATIONS NETWORK FOUNDATION**

**STATEMENTS OF FUNCTIONAL EXPENSES**

**YEAR ENDED JUNE 30, 2023**

	<u>PROGRAMMING</u>	<u>PROMOTION</u>	<u>PRODUCTION</u>	<u>DEVELOPMENT AND FUND RAISING</u>	<u>MANAGEMENT AND GENERAL</u>	<u>TOTALS JUNE 30, 2023</u>
Salaries	\$ -	\$ 98,005	\$ -	\$ 521,443	\$ 85,816	\$ 705,264
Employee benefits	-	32,962	-	134,418	26,246	193,626
Postage	-	33,031	-	58,584	202	91,817
Telecommunications	-	-	-	33,553	140	33,693
Printing	-	163,527	-	86,551	-	250,078
Advertising	-	2,013	-	605	5,096	7,714
Office space lease	54,600	-	-	-	-	54,600
Equipment rent	135,793	-	-	10,713	-	146,506
Travel	-	-	-	19,467	957	20,424
Prof. fees, service and honorarium	-	-	-	125,255	10,794	136,049
Investment fees	-	-	-	-	18,910	18,910
Insurance and bonding	-	-	-	-	14,124	14,124
Association dues/conference fees	-	-	-	9,444	1,150	10,594
Subscriptions	-	-	36	2,993	-	3,029
Premiums	-	-	-	109,061	-	109,061
Educational supplies and materials	-	-	65	4,585	1,421	6,071
Computer supplies and expenses	-	360	-	46,258	2,514	49,132
Food and catering expense	-	-	-	4,736	-	4,736
Capital planning	12,672	-	-	-	-	12,672
Master control reserve	534,222	-	-	-	-	534,222
AR PBS expenses	113,858	-	-	-	-	113,858
Endowment transfers	8,583	-	-	-	-	8,583
Program grants	1,125,000	-	460,200	-	-	1,585,200
Low value equipment	-	-	8,758	2,488	-	11,246
Other expenses	-	-	-	102,983	114	103,097
Depreciation	-	-	-	4,835	509	5,344
In-kind advertising	-	76,933	-	-	-	76,933
In-kind labor and other	-	1,009	-	-	-	1,009
	<u>\$ 1,984,728</u>	<u>\$ 407,840</u>	<u>\$ 469,059</u>	<u>\$ 1,277,972</u>	<u>\$ 167,993</u>	<u>\$ 4,307,592</u>

The accompanying notes are an integral part of the financial statements.

**ARKANSAS EDUCATIONAL TELECOMMUNICATIONS NETWORK FOUNDATION**

**STATEMENTS OF FUNCTIONAL EXPENSES**

**YEAR ENDED JUNE 30, 2024**

	<u>PROGRAMMING</u>	<u>PROMOTION</u>	<u>PRODUCTION</u>	<u>DEVELOPMENT AND FUND RAISING</u>	<u>MANAGEMENT AND GENERAL</u>	<u>TOTALS JUNE 30, 2024</u>
Salaries	\$ -	\$ 104,286	\$ -	\$ 566,076	\$ 54,639	\$ 725,001
Employee benefits	-	34,655	-	145,011	20,486	200,152
Postage	-	24,845	-	52,899	257	78,001
Telecommunications	-	-	-	39,644	156	39,800
Printing	-	110,557	-	104,993	-	215,550
Advertising	-	2,295	-	5,539	3,144	10,978
Office space lease	54,600	-	-	-	-	54,600
Equipment rent	166,502	-	-	14,217	-	180,719
Travel	-	-	-	13,288	748	14,036
Prof. fees, service and honorarium	-	-	-	133,109	23,582	156,690
Insurance and bonding	-	-	-	-	17,382	17,382
Association dues/conference fees	-	400	-	4,582	755	5,737
Subscriptions	-	-	24	867	-	891
Premiums	-	-	-	118,922	-	118,922
Educational supplies and materials	-	-	-	11,613	1,567	13,180
Computer supplies and expenses	-	-	308	49,926	2,766	53,000
Food and catering expense	-	-	-	7,354	105	7,460
Capital planning	-	-	-	-	-	-
Master Control Reserves	12,007	-	-	-	-	12,007
AR PBS expenses	138,601	-	-	-	-	138,601
Endowment transfers	14,619	-	-	-	-	14,619
Equipment purchases	-	-	2,484	3,106	1,660	7,251
Program grants	1,158,750	-	356,729	-	-	1,515,479
Other expenses	555	-	-	149,442	728	150,725
Depreciation	-	-	-	4,585	514	5,099
In-kind advertising	-	53,374	-	-	-	53,374
In-kind labor and other	-	-	-	-	-	-
	<u>\$ 1,545,634</u>	<u>\$ 330,411</u>	<u>\$ 359,545</u>	<u>\$ 1,425,175</u>	<u>\$ 128,489</u>	<u>\$ 3,789,253</u>

The accompanying notes are an integral part of the financial statements.

**ARKANSAS EDUCATIONAL TELECOMMUNICATIONS NETWORK FOUNDATION**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<u>Cash Flows from Operating Activities:</u>		
Change in Net Assets	\$ 1,156,699	\$ 380,224
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	5,099	5,344
(Increase) decrease in underwriting receivable	(40,772)	37,731
(Increase) decrease in pledges receivable	15,074	31,979
(Increase) decrease in miscellaneous receivables	532	(392)
(Increase) decrease in prepaid expenses	(26,175)	1,485
Increase (decrease) in accounts payable	(14,367)	29,447
Increase (decrease) in accrued expenses	(10,555)	(11,504)
Increase (decrease) in deferred revenue	32,935	6,974
Net Cash Provided (Used) by Operating Activities	<u>1,118,470</u>	<u>481,288</u>
<u>Cash Flows from Investing Activities:</u>		
(Purchase) sale of equipment	(3,999)	(9,045)
(Increase) decrease in operating right of use assets	62,113	28,175
Redemption (purchase) of restricted assets	(903,822)	(1,669,766)
Redemption (purchase) of other investments	0	1,140,728
Net Cash Provided (Used) by Investing Activities	<u>(845,707)</u>	<u>(509,908)</u>
<u>Cash Flows from Financing Activities:</u>		
Increase (decrease) in operating lease liabilities	(62,113)	(28,175)
Net Cash Provided (Used) by Investing Activities	<u>(62,113)</u>	<u>(28,175)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	210,649	(56,795)
Beginning Cash and Cash Equivalents	<u>2,328,270</u>	<u>2,385,065</u>
Ending Cash and Cash Equivalents	<u>\$ 2,538,919</u>	<u>\$ 2,328,270</u>
<u>Supplemental Disclosure of Cash Flow Information:</u>		
Cash paid during the year for:		
Interest	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

# ARKANSAS EDUCATIONAL TELECOMMUNICATIONS NETWORK FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

### NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES:

#### **Reporting Entity**

The Arkansas Educational Telecommunications Network Foundation is a non-profit Arkansas corporation formed in 1984 to obtain, hold, invest, reinvest, and administer funds and other property for the benefit of Arkansas PBS Commission of the State of Arkansas. The Foundation is to disburse the principal or the income from these funds to the Commission at such times as the Commission or its Executive Director may determine. As of February 28, 2020, Arkansas Educational Telecommunications Network Foundation became known as Arkansas PBS Foundation after the Arkansas Educational Television Network rebranded themselves as Arkansas PBS. The legal name of the entity was not changed. The new brand name was added to the State of Arkansas and Internal Revenue Service records.

#### **Basis of Presentation and Revenue Recognition**

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets 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 stipulations. These net assets include certain funds that the Board of Directors has determined are to be retained for a particular purpose.
- **Net Assets With Donor Restrictions** - Net assets that are subject to donor-imposed stipulations that require the passage of time or the occurrence of a specific event or action of the Foundation, or net assets that are subject to donor-imposed stipulations that they be maintained in perpetuity by the Foundation. Generally, the donors of these assets permit the Foundation to use all, or part, of the income earned on the assets for operations or other specified purposes.

Support and revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions only. Gains and losses on investments and on other assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of net assets with donor restrictions, and a reclassification to net assets without donor restrictions is made to reflect the expiration of such restrictions.

**ARKANSAS EDUCATIONAL TELECOMMUNICATIONS NETWORK FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024 AND 2023**

**NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED):**

**Basis of Presentation and Revenue Recognition (Continued)**

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give by the donor are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Income and realized and unrealized net gains on investments of permanent restriction funds are reported as follows:

- as increases in net assets with donor restrictions if the terms of the gift or the Foundation's interpretation of relevant state law require that they be added to the corpus of the gift, or if the terms of the gift impose restrictions on the use of the income;
- as increases in net assets without donor restrictions in all other cases.

The Foundation reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The Foundation uses the allowance method to determine uncollectible unconditional pledges receivable. The allowance is based on prior years' experience and Management's analysis of specific pledges made.

**Cash and Cash Equivalents**

The Foundation considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

**Investments**

The Foundation transferred its investments in marketable securities to money market funds during the year ended June 30, 2024. The investments are recorded at market value in the Statements of Financial Position.

**ARKANSAS EDUCATIONAL TELECOMMUNICATIONS NETWORK FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024 AND 2023**

**NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED):**

**Property and Equipment**

For the years ended June 30, 2024 and 2023, property and equipment acquired are capitalized at cost; donated property is capitalized at fair market value at date of contribution. Depreciation expense is recorded on these capitalized assets by the straight-line method over the estimated useful lives of the particular assets. Upon retirement or other disposal of property, the cost and accumulated depreciation are removed and the resulting gain or loss, if any, is recognized. Depreciation expense for the years ended June 30, 2024 and 2023 amounted to \$5,009 and \$5,344, respectively.

The Foundation records impairments to its property and equipment when, and if, it becomes probable that the carrying value of these assets will not be fully-recovered over the estimated lives of the assets. Impairments, if any, are recorded to reduce the carrying value of the asset to the net realizable value determined by the administration based on facts and circumstances in existence at the time of the determination, estimates of probable future economic conditions, and other information. No impairments were recorded for the years ended June 30, 2024 and 2023.

**Annual Leave**

Annual leave is recorded as a liability for the period the leave is earned. Employees earn days of annual leave per month based upon the employee's length of time employed by the Foundation. Employees may take annual leave at any time during the year with permission from their supervisor and/or division director. Annual leave not taken at year end is then accrued as a liability for the period up to the maximum accrual amount of 240 hours.

**In-Kind Contributions**

In-kind contributions of property and donated professional services are recorded as revenue and expense in the accompanying Statements of Activities. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Donations of professional services are valued at fair value.

Numerous volunteers have donated significant amounts of time to the Foundation's fund-raising campaign and program services. No amounts for these services have been reflected in the financial statements, in accordance with generally accepted accounting principles.

**ARKANSAS EDUCATIONAL TELECOMMUNICATIONS NETWORK FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024 AND 2023**

**NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED):**

**Income Tax Status**

The Foundation has been recognized as exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state laws. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). They are required to file IRS Form 990 on an annual basis. The Foundation is no longer subject to U.S. federal income tax examinations by taxing authorities for years before 2020.

The Organization adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) Topic 740 dealing with uncertainty in income taxes. No amounts were recorded as a result of the adoption of Topic 740.

**Concentrations of Credit Risk Due to Temporary Cash Investments and Pledges to Give Receivable**

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of temporary cash investments and promises to give receivable. The Foundation places its temporary cash investments with financial institutions and limits the amount of credit exposure to any one financial institution. Cash amounts in excess of FDIC insured limits are collateralized by certain financial institution's investments. Concentrations of credit risk with respect to promises receivable are limited due to the large number of contributors comprising the Foundation's contributor base and their dispersion across different industries and geographic areas. As of June 30, 2024 and 2023, the Foundation had no significant concentrations of credit risk.

**Estimates**

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

**Designation of Net Assets Without Donor Restrictions**

It is the policy of the Board of Directors of the Foundation to review its plans for future programs and equipment acquisitions from time to time and to designate appropriate sums to assure adequate financing of such acquisitions.

**ARKANSAS EDUCATIONAL TELECOMMUNICATIONS NETWORK FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024 AND 2023**

**NOTE 2 - COLLATERALIZATION OF CASH BALANCES:**

	<u>2024</u>	<u>2023</u>
Cash in bank, fully insured by FDIC	\$ 500,000	\$ 500,000
Cash in bank, collateralized	2,046,972	1,821,802
Cash in bank, uninsured, uncollateralized	<u>15,114</u>	<u>2,477</u>
	<u>\$ 2,562,086</u>	<u>\$ 2,324,279</u>

**NOTE 3 - ACCOUNTS RECEIVABLE - PLEDGES:**

Accounts receivable - pledges consist of promises to pay from the general public obtained primarily from televised fund drives. The total amount of this receivable at June 30, 2024 and 2023 was:

	<u>June 30, 2024</u>			<u>June 30, 2023</u>		
	<u>Membership Pledges Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Accounts Receivable Pledges</u>	<u>Membership Pledges Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Net Accounts Receivable Pledges</u>
Due within one year	\$ 80,147	\$ 16,467	\$ 63,680	\$ 84,331	\$ 5,578	\$ 78,753
Due in 1-5 years	-	-	-	-	-	-
Due after 5 years	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 80,147</u>	<u>\$ 16,467</u>	<u>\$ 63,680</u>	<u>\$ 84,331</u>	<u>\$ 5,578</u>	<u>\$ 78,753</u>

**ARKANSAS EDUCATIONAL TELECOMMUNICATIONS NETWORK FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024 AND 2023**

**NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS:**

ASC Topic 820, *Fair Value Measurements*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820 also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities.
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying balance sheet, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

**Investments**

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include common stock, mutual funds and United States Treasury obligations. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. The Foundation did not hold Level 2 or Level 3 securities as of June 30, 2024 and 2023.

The following table presents the fair value measurement of assets and liabilities recognized in the accompanying Statements of Financial Position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurement is valued at June 30, 2024 and 2023:

	Fair Value Measurement Using			
	Quoted Prices Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	
	2024			
	Fair Value	(Level 1)	(Level 2)	(Level 3)
Money market funds \$	9,031,401	\$ 9,031,401	\$ -	\$ -

**ARKANSAS EDUCATIONAL TELECOMMUNICATIONS NETWORK FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024 AND 2023**

**NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED):**

**Investments (Continued)**

	Fair Value Measurement Using			
	Quoted Prices Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	
	2023			
	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Money market accounts and mutual funds	\$ 8,127,579	\$ 8,127,579	\$ -	\$ -

**Investment Return**

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2024.

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest and dividends	\$ 45,587	\$ 392,949	\$ 438,536
Realized gains (losses)	<u>-</u>	<u>29</u>	<u>\$ 29</u>
Total Investment Return	<u>\$ 45,587</u>	<u>\$ 392,978</u>	<u>\$ 438,565</u>

**Other financial instruments:**

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

Cash, cash equivalents, short-term investments, and pledges to give due in less than one year: The carrying amounts reported in the Statements of Financial Position approximate fair values because of the short maturities of those instruments.

Long-term investments: The fair values of long-term investments are based on quoted market prices for those or similar investments.

**ARKANSAS EDUCATIONAL TELECOMMUNICATIONS NETWORK FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024 AND 2023**

**NOTE 5 - INVESTMENTS:**

The Foundation's investments consist of money market funds, stocks and mutual funds. The investments were moved from Edward D. Jones to Charles Schwab in the year ended June 30, 2024. The balance of the investment account as of June 30, 2024 and 2023 was:

	Date <u>Acquired</u>	Date <u>Matured</u>	Interest <u>Rate</u>	<u>Investment Amount</u>	
				<u>June 30,</u> <u>2024</u>	<u>June 30,</u> <u>2023</u>
Heath	Miscellaneous Securities		\$ 9,031,401	\$ 8,127,579	
	Miscellaneous Securities		<u>-</u>	<u>-</u>	
	Total Securities		<u>\$ 9,031,401</u>	<u>\$ 8,127,579</u>	

The following summarizes the Foundation's investment activity for the years ended June 30, 2024 and 2023, respectively, and its classification in the accompanying combined Statements of Activities:

	<u>2024</u>	<u>2023</u>
Beginning Balance - at Market Value	\$ 8,127,579	\$ 7,598,541
Contributions	560,362	201,847
Investment income	276,650	190,826
Transfers	66,781	(32,383)
Unrealized gain (loss) on investments	-	-
Realized gain (loss) on investments	<u>29</u>	<u>168,748</u>
Ending Balance - at Market Value	<u>\$ 9,031,401</u>	<u>\$ 8,127,579</u>

**NOTE 6 - ENDOWMENT INVESTMENTS:**

The Foundation's endowment investments consist of money market funds, stock and mutual funds. Endowment investments are summarized as follows:

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 7,577,577	\$ 5,907,812
Contributions	560,362	201,847
Capital gains	40,641	1,277,710
Interest and dividend income	318,963	168,994
Transfers	<u>(44,714)</u>	<u>21,214</u>
Ending balance	<u>\$ 8,452,829</u>	<u>\$ 7,577,577</u>

These investments are restricted as endowment fund assets to be held indefinitely. The income from the assets can be used to support the Foundation's general activities.

**ARKANSAS EDUCATIONAL TELECOMMUNICATIONS NETWORK FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024 AND 2023**

**NOTE 7 - CHANGES IN DEFERRED REVENUES:**

	Deferred Revenues for Programs Not Yet Broadcasted	
	June 30, 2024	June 30, 2023
Balance - Beginning of period	\$ 57,890	\$ 50,916
Net Additions - Underwriting contributions and grants received		
Deductions - Underwriting contributions and grants recognized as revenue or support (including in-kind underwriting of \$53,374)	32,935	6,974
Balance - End of period	<u>\$ 90,825</u>	<u>\$ 57,890</u>

**NOTE 8 - NET ASSETS:**

Net assets at June 30, 2024 and 2023, consist of the following:

Net Assets With Donor Restrictions Are Represented By:

	June 30, 2024	June 30, 2023
Underwriting receivables	\$ 113,443	\$ 78,126
Pledge receivables	63,680	78,753
Emergency Fund	578,672	550,002
Capital Planning Fund	33,912	33,912
Production Fund	61,393	104,354
Master Control Fund	-	20,911
Donor Grants - Production	458,869	495,775
General Endowment Fund	6,863,128	6,034,447
Pauley Endowment Fund	269,991	264,529
Jane Krutz Endowment Fund	312,989	306,096
Taylor Endowment	1,003,252	972,505
Non-Production	73,271	-
	<u>\$ 9,832,600</u>	<u>\$ 8,939,410</u>

Net assets were released from donor restrictions by incurring expenses satisfying to restricted purposes or by occurrence of other events specified by donors.

Time restrictions expired:		
Passage of specified underwriting time period	\$ 594,006	\$ 204,571
Total Restrictions Released	<u>\$ 594,006</u>	<u>\$ 204,571</u>

**ARKANSAS EDUCATIONAL TELECOMMUNICATIONS NETWORK FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024 AND 2023**

**NOTE 9 - RETIREMENT PLAN:**

During the years ended June 30, 2024 and 2023, the Foundation continued to offer a retirement plan to all eligible full-time employees. Employees of the AETN Foundation are eligible upon date of hire to participate in the TIAA-CREF 403b retirement plan. Contributions are made on a pretax basis. The Foundation will match up to 3% of employee's own contribution percentage. After one year of service, the Foundation will contribute 11% of employee's gross income to the plan, regardless of employee contribution.

Employer contributions to the plan amounted to \$88,535 for the year ended June 30, 2024, and \$75,224 for the year ended June 30, 2023.

**NOTE 10 - LEASES:**

The Foundation elected to adopt the new lease standard, under FASB ASU 842, using the modified retrospective approach, beginning with the year ended year ended June 30, 2022.

During the years ended June 30, 2024 and June 30, 2023, the Foundation engaged in only operating leases. There were no financing leases in either of these years.

The following table presents balance sheet amounts and classification information related to operating leases.

	<u>2024</u>	<u>2023</u>
<b>Assets</b>		
Operating lease right-of-use assets included in <i>Other long-term assets</i>	\$ 27,281	\$ 89,394
<b>Liabilities</b>		
Operating lease liabilities included in <i>Other current liabilities</i>	\$ 9,422	\$ 57,890
Operating lease liabilities included in <i>Other long-term liabilities</i>	\$ 17,859	\$ 27,281

Lease expense paid to Arkansas PBS for office space for the years ended June 30, 2024 and 2023, amounted to \$54,600 each year. Lease expenses paid for office equipment for the years ended June 30, 2024 and 2023 amounted to \$10,088 and \$10,713, respectively.

**ARKANSAS EDUCATIONAL TELECOMMUNICATIONS NETWORK FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2024 AND 2023**

**NOTE 11 - CONTRACT FOR SERVICES:**

During the year ended June 30, 2002, the Foundation entered into a mutual contract for services with Arkansas PBS which states the services to be provided by the Foundation to Arkansas PBS and Arkansas PBS's related responsibilities and services to be provided to the Foundation. The initial term of the contract was for the period July 1, 2001, through June 30, 2002. The contract automatically renews for additional terms of one year each unless terminated by mutual agreement of both parties. Pursuant to this agreement, Arkansas PBS provided business technical and administrative services to the Foundation for the years ended June 30, 2024 and 2023. These services amounted to \$166,502 for June 30, 2024 and \$135,793 for June 30, 2023. In addition, as stated in the compensation arrangement in the agreement, the Foundation provided programming grant during the years ended June 30, 2024 and 2023, to Arkansas PBS upon request by the Arkansas PBS Commission, amounting to \$1,158,750 for June 30, 2024 and \$1,125,000 for June 30, 2023. No additional compensation was received by any state employee from the Foundation during the fiscal years ended June 30, 2024 and 2023.

**NOTE 12 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:**

The Foundation monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Foundation has the following financial assets that could readily be made available within one year of the statement of financial position date to fund expenses without limitations:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Financial assets available within one year and free of donor restrictions:		
Cash and cash equivalents	\$ 1,984,795	\$ 1,673,318
Accounts receivable	<u>182,578</u>	<u>157,411</u>
	<u>\$ 2,167,373</u>	<u>\$ 1,830,729</u>

The Foundation has the following assets that are not readily available within one year of the statement of financial position date to fund expenses without limitations:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Financial assets with liquidity restrictions greater than one year:		
Cash and cash equivalents	\$ 554,164	\$ 654,952
Investments	<u>9,031,401</u>	<u>8,127,579</u>
	<u>\$ 9,585,565</u>	<u>\$ 8,782,531</u>

**NOTE 13 - SUBSEQUENT EVENTS:**

No events occurring subsequent to year end, having a direct and material effect on the financial statements for the year ended June 30, 2024, have been determined as of the date of the audit report.