VPM Media Corporation

Financial Statements

June 30, 2020 and 2019

Keiter
Your Opportunity Advisors

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VPM MEDIA CORPORATION

Table of Contents

Keiter
Your Opportunity Advisors

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of VPM Media Corporation
Richmond, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of VPM Media Corporation, which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of VPM Media Corporation as of June 30, 2020 and 2019, and its changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Keiter

November 23, 2020
Glen Allen, Virginia

VPM MEDIA CORPORATION

Statements of Financial Position
June 30, 2020 and 2019

Assets	2020	2019
Current assets:		
Cash and cash equivalents	$ 2,692,507	$ 3,999,547
Accounts receivable, net	223,170	416,134
Contributions receivable, net - current	22,600	42,750
Grants receivable	1,918,524	889,537
Prepaid expenses	147,816	217,225
Total current assets	5,004,617	5,565,193
Contributions receivable	29,000	-
Property and equipment, net	6,225,674	4,391,338
Intangible assets	1,696,253	1,696,253
Investments (see Notes 2 and 6)	25,466,833	28,818,630
Total assets	$ 38,422,377	$ 40,471,414
Liabilities and Net Assets		
Current liabilities:		
Notes payable - current (see Note 11)	$ 581,336	$ -
Accounts payable	578,677	628,167
Spectrum auction proceeds payable - current (see Note 19)	1,000,000	1,000,000
Accrued expenses	784,471	724,383
Accrued pension liability - current	836,000	826,000
Deferred revenue	648,821	184,101
Total current liabilities	4,429,305	3,362,651
Due to related party (PPP loan) (see Note 12)	1,597,500	-
Notes payable - noncurrent (see Note 11)	1,481,019	-
Spectrum auction proceeds payable - noncurrent (see Note 19)	5,500,000	6,500,000
Accrued pension liability - noncurrent	1,705,096	4,017,102
Total liabilities	14,712,920	13,879,753
Net assets:		
Without donor restrictions:		
Undesignated	28,461,596	27,649,546
Board designated (see Note 1)	328,153	3,328,153
Minimum pension liability adjustment	(5,538,982)	(4,850,307)
Total without donor restrictions	23,250,767	26,127,392
With donor restrictions	458,690	464,269
Total net assets	23,709,457	26,591,661
Total liabilities and net assets	$ 38,422,377	$ 40,471,414

See accompanying notes to financial statements.

VPM MEDIA CORPORATION

Statements of Activities
Year Ended June 30, 2020, with Comparative Totals for 2019

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
Support and revenue:				
Operating:				
Community support:				
Membership contributions and corporate support	$ 4,165,984	$ 298,158	$ 4,464,142	$ 3,944,569
Underwriting	2,114,838	-	2,114,838	2,121,280
Production services	586,876	-	586,876	596,887
Public support - community service grants:				
Corporation for Public Broadcasting	2,512,694	-	2,512,694	2,258,231
Amortization of deferred revenue from capital grants	34,762	-	34,762	62,201
Broadcast services:				
Data transmission	564,792	-	564,792	564,792
Grants from Foundation (see Note 20)	7,333,083	-	7,333,083	3,621,505
FCC Spectrum repack reimbursements (see Note 19)	953,849	-	953,849	-
Miscellaneous	108,416	-	108,416	274,437
Total operating revenue	18,375,294	298,158	18,673,452	13,443,902
Investment income, net	697,825	-	697,825	1,524,728
Rental income	613,241	-	613,241	610,592
Gain on disposal of property and equipment (see Note 5)	1,089,113	-	1,089,113	1,802,004
Total support and revenue	20,775,473	298,158	21,073,631	17,381,226
Net assets released from restrictions	303,737	(303,737)	-	-

See accompanying notes to financial statements.

VPM MEDIA CORPORATION

Statements of Activities, Continued
Year Ended June 30, 2020, with Comparative Totals for 2019

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
Expenses:				
Program:				
Programming and production	11,131,986	-	11,131,986	9,304,763
Broadcast and engineering	2,337,856	-	2,337,856	2,494,470
Promotions, community engagement and education	1,354,122	-	1,354,122	1,140,846
Total program expenses	14,823,964	-	14,823,964	12,940,079
General and administrative	5,302,111	-	5,302,111	2,852,269
Fundraising	3,141,085	-	3,141,085	2,903,636
Total expenses	23,267,160	-	23,267,160	18,695,984
Change in net assets before change in minimum pension liability	(2,187,950)	(5,579)	(2,193,529)	(1,314,758)
Change in minimum pension liability	(688,675)	-	(688,675)	(729,432)
Total change in net assets	(2,876,625)	(5,579)	(2,882,204)	(2,044,190)
Net assets at beginning of year	26,127,392	464,269	26,591,661	28,635,851
Net assets at end of year	$ 23,250,767	$ 458,690	$ 23,709,457	$26,591,661

See accompanying notes to financial statements.

VPM MEDIA CORPORATION

Statements of Activities
Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Operating:			
Community support:			
Membership contributions and corporate support	$ 3,762,435	$ 182,134	$ 3,944,569
Underwriting	2,121,280	-	2,121,280
Production services	596,887	-	596,887
Public support - community service grants:			
Corporation for Public Broadcasting	2,258,231	-	2,258,231
Amortization of deferred revenue from capital grants	62,201	-	62,201
Broadcast services:			
Data transmission	564,792	-	564,792
Grants from Foundation (see Note 20)	3,621,505	-	3,621,505
Miscellaneous	274,437	-	274,437
Total operating revenue	13,261,768	182,134	13,443,902
Investment income, net	1,524,728	-	1,524,728
Rental income	610,592	-	610,592
Gain on disposal of property and equipment (see Note 5)	1,802,004	-	1,802,004
Total support and revenue	17,199,092	182,134	17,381,226
Net assets released from restrictions	339,405	(339,405)	-

See accompanying notes to financial statements.

VPM MEDIA CORPORATION

Statements of Activities, Continued
Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Expenses:			
Program:			
Programming and production	$ 9,304,763	$ -	$ 9,304,763
Broadcast and engineering	2,494,470	-	2,494,470
Promotions, community engagement and education	1,140,846	-	1,140,846
Total program expenses	12,940,079	-	12,940,079
General and administrative	2,852,269	-	2,852,269
Fundraising	2,903,636	-	2,903,636
Total expenses	18,695,984	-	18,695,984
Change in net assets before change in minimum pension liability	(1,157,487)	(157,271)	(1,314,758)
Change in minimum pension liability	(729,432)	-	(729,432)
Total change in net assets	(1,886,919)	(157,271)	(2,044,190)
Net assets at beginning of year	28,014,311	621,540	28,635,851
Net assets at end of year	$ 26,127,392	$ 464,269	$ 26,591,661

See accompanying notes to financial statements.

VPM MEDIA CORPORATION

Statements of Functional Expenses
Year Ended June 30, 2020

	Program Services					
	Programming & Production	Broadcast & Engineering	Promotions, Community Engagement & Education	General & Administrative	Fundraising	Total
Salaries, wages, & benefits	$ 3,848,012	$ 745,248	$ 625,943	$ 3,115,411	$ 1,608,684	$ 9,943,298
Group pension contributions	266,961	51,109	61,439	66,876	97,323	543,708
Supplies & equipment	98,648	99,649	11,114	48,484	13,576	271,471
Repairs & maintenance	8,966	348,459	1,533	73,498	-	432,456
Occupancy	85,428	37,648	75	290,582	325	414,058
Utilities	49,377	99,622	6,614	134,295	6,106	296,014
Communications	18,043	54,140	8,317	38,210	48,969	167,679
Postage & shipping	1,147	9,405	3,247	6,609	29,011	49,419
Printing & publications	2,701	181	52,353	656	446,522	502,413
Vehicle expense	5,310	13,259	303	10,295	-	29,167
Travel	73,542	1,359	25,976	21,732	20,744	143,353
Professional services	373,041	47,226	60,239	796,285	133,559	1,410,350
Dues & subscriptions	79,249	350	2,800	12,911	4,862	100,172
Marketing & public relations	27,946	-	245,587	18,275	264,022	555,830
Information technology	97,463	71,021	349	190,417	45,169	404,419
Programming	1,902,226	-	-	-	-	1,902,226
Conferences & meetings	8,957	295	3,048	28,058	4,757	45,115
Production	3,964,680	-	12,658	-	-	3,977,338
Broadcast distribution	107,389	22,220	-	-	-	129,609
Premiums	-	-	79	-	141,459	141,538
Special events	15,284	-	227,007	1,902	32,351	276,544
Trades - In/Kind	-	-	-	-	185,117	185,117
Miscellaneous	19,978	-	5,441	95,917	49,856	171,192
Bad debt expense	10,305	-	-	-	8,630	18,935
	11,064,653	1,601,191	1,354,122	4,950,413	3,141,042	22,111,421
Depreciation	67,333	736,665	-	351,698	43	1,155,739
Totals	$ 11,131,986	$ 2,337,856	$ 1,354,122	$ 5,302,111	$ 3,141,085	$ 23,267,160

See accompanying notes to financial statements.

VPM MEDIA CORPORATION

Statements of Functional Expenses, Continued
Year Ended June 30, 2019

	Program Services					
	Programming & Production	Broadcast & Engineering	Promotions, Community Engagement & Education	General & Administrative	Fundraising	Total
Salaries, wages, & benefits	$ 3,960,097	$ 797,085	$ 717,506	$ 1,239,140	$ 1,591,075	$ 8,304,903
Group pension contributions	239,322	60,845	56,787	48,676	89,239	494,869
Supplies & equipment	88,243	93,398	14,492	36,920	34,589	267,642
Repairs & maintenance	29,688	340,838	-	76,218	-	446,744
Occupancy	31,921	80,473	5,447	293,699	11,686	423,226
Utilities	49,731	98,321	6,563	174,825	6,201	335,641
Communications	35,607	59,769	9,736	41,493	43,884	190,489
Postage & shipping	1,082	6,474	4,264	6,051	12,012	29,883
Printing & publications	179	-	11,969	10,014	403,773	425,935
Vehicle expense	26,716	3,126	1,029	4,317	59	35,247
Travel	129,565	14,837	33,849	12,292	56,633	247,176
Professional services	238,514	1,619	50,069	379,941	90,585	760,728
Dues & subscriptions	54,001	173	5,235	19,358	4,056	82,823
Marketing & public relations	23,657	-	88,422	4,923	3,956	120,958
Information technology	105,555	71,541	7,135	151,961	56,534	392,726
Programming	1,678,473	-	-	-	-	1,678,473
Conferences & meetings	8,327	502	964	34,016	2,980	46,789
Production	2,462,953	-	-	-	-	2,462,953
Broadcast distribution	33,978	-	-	-	-	33,978
Premiums	8,628	-	-	-	125,482	134,110
Special events	852	-	124,083	1,629	40,112	166,676
Trades - In/Kind	-	-	-	-	319,766	319,766
Miscellaneous	411	14	2,441	-	10,153	13,019
Bad debt expense	-	-	-	10,000	-	10,000
	9,207,500	1,629,015	1,139,991	2,545,473	2,902,775	17,424,754
Depreciation	97,263	865,455	855	306,796	861	1,271,230
Totals	$ 9,304,763	$ 2,494,470	$ 1,140,846	$ 2,852,269	$ 2,903,636	$ 18,695,984

See accompanying notes to financial statements.

VPM MEDIA CORPORATION

Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	$ (2,882,204)	$ (2,044,190)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	1,155,739	1,271,230
Reinvested net investment income	(697,825)	(1,524,728)
Gain on disposal of equipment	(1,089,113)	(1,802,004)
Changes in assets and liabilities:		
Accounts receivable, net	192,964	(135,335)
Contributions receivable	(8,850)	250,977
Grants receivable	(1,028,987)	(174,239)
Prepaid expenses	69,409	(2,890)
Accounts payable	(49,490)	378,861
Spectrum auction proceeds payable	(1,000,000)	(1,000,000)
Accrued expenses	60,088	121,601
Accrued pension liability	(2,302,006)	881,201
Deferred revenue	464,720	(143,957)
Net cash (used in) operating activities	(7,115,555)	(3,923,473)
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	4,049,622	1,396,011
Purchases of property and equipment	(3,150,962)	(1,261,660)
Proceeds from sale of property and equipment	1,250,000	2,153,538
Net cash provided by investing activities	2,148,660	2,287,889
Cash flows from financing activities:		
Borrowings on note payable	2,116,522	-
Principal payment on note payable	(54,167)	-
Due to related party (PPP loan)	1,597,500	-
Net cash provided by financing activities	3,659,855	-
Net change in cash	(1,307,040)	(1,635,584)
Cash and cash equivalents at the beginning of the year	3,999,547	5,635,131
Cash and cash equivalents at the end of the year	$ 2,692,507	$ 3,999,547
Cash payments for interest	$ 5,752	$ -

See accompanying notes to financial statements.

1. Summary of Significant Accounting Policies:

Nature of Business: Effective September 11, 2019, Commonwealth Public Broadcasting Corporation was reincorporated as VPM Media Corporation, dba VPM, (the "Corporation"). The Corporation is a nonprofit corporation whose primary operations consist of the production and/or broadcasting of instructional and noncommercial public interest television and radio programs in Central Virginia and the Shenandoah Valley over its stations WCVE, WVPT, WCVW and WCVE-FM in Richmond, WHTJ in Charlottesville, WCNV-FM in Heathsville, WMVE-FM in Chase City, WWLB-FM in Ettrick, and WBBT-FM in Powhatan, as well as digital programming.

The Corporation is controlled by The Virginia Foundation for Public Media (the "Foundation"), an organization with primarily common board members that was created with the proceeds received from the spectrum auction (see Note 19). These financial statements do not report the consolidation financial position or operations or cash flows of the Foundation.

In March 2020, COVID-19 was declared a worldwide health pandemic and has had a significant impact on the national and global economy. Management implemented certain cost-cutting techniques and obtained a Paycheck Protection Program Loan through the Foundation (see Note 12). The ultimate impact of COVID-19 on the Corporation's future financial state is unknown at this time.

Newly Adopted Accounting Standard:

In June 2018, the FASB issued ASU 2018-08: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made ("Topic 958"), which is intended to provide specific criteria to determine whether a contract or agreement should be accounted for as a contribution or as an exchange transaction. The ASU provides a framework for determining whether a contribution is conditional or unconditional. Prior to the ASU, FASB's new revenue recognition standard eliminated exchange guidance and added additional disclosure requirements that are not relevant to these types of transactions.

Specific to contributions or grants received by the Corporation, the amendments in this ASU are effective for fiscal years beginning after December 15, 2018 with early adoption permitted. Specific to contributions or grants awarded by the Corporation, the amendments in this ASU are effective for fiscal years beginning after December 15, 2019 with early adoption permitted. The Corporation adopted this guidance for the year ended June 30, 2020 with retrospective presentation in the financial statements. Adoption of this ASU did not result in any changes to presentation of revenue in the statements of activities.

1. Summary of Significant Accounting Policies, Continued:

Financial Statement Presentation: The Corporation reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net assets without donor restrictions are net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions include undesignated and board designated net assets. Board designated net assets represent contributions with no donor-imposed stipulations as to their purpose which the Corporation's Board of Directors have earmarked for specific purposes. At June 30, 2020, Board designated net assets include $328,153 designated for general purposes. At June 30, 2019, Board designated net assets include $3,000,000 designated for pension contributions and $328,153 designated for general purposes.

Net assets with donor restrictions consist of net assets whose use is limited by donor-imposed, time and/or purpose restrictions. Some net assets with donor restrictions include donor-imposed stipulations for specific operating purposes or for the acquisition of property or equipment. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Other donor-imposed restrictions are perpetual in nature, whereby the donor stipulates that they be maintained permanently by the Corporation to use all or part of the income earned on any related investments for general or specific purposes, in accordance with the conditions of each specific donation.

Recognition of Support and Revenue, Contributions and Grants: Contributions and grants are recognized when the donor makes a promise to give to the Corporation that is, in substance, unconditional. Contributions and grants that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the fiscal year in which the contribution or grant is recognized. All other donor-restricted contributions and grants are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Revenue from services is recorded as the service is rendered. Corporate underwriting support revenue is treated as an exchange transaction in which funds received are exchanged for underwriting credits with an equal value.

Fair Value of Financial Instruments: Due to the short-term nature of the Corporation's accounts receivable, contributions receivable, grants receivable, prepaid expenses, accounts payable, and accrued liabilities, there are no significant differences between their recorded and fair values.

1. Summary of Significant Accounting Policies, Continued:

Investments: All investments are measured at fair value with gains and losses included in operations (see Notes 2 and 6). Unrealized gains and losses are included in the accompanying statements of activities. Realized gains and losses on dispositions are based on the net proceeds and the carrying value of the securities sold, using the specific identification method. Interest is accrued as earned, and dividends are recorded on the ex-dividend date.

Intangible Assets: Intangible assets consist of rights to artwork of $121,584 acquired as part of the acquisition of SVETC and broadcast licenses of $1,574,669 acquired as part of the acquisition of Alpha Media, LLC in 2018. The cost of rights to artwork for resale are charged to expense as the prints are sold. The broadcast licenses are considered to be indefinite-lived intangible assets and thus are not amortized. The Corporation is required to assess qualitative factors to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired on an annual basis in accordance with FASB Accounting Standards Codification ("ASC") 350-30-35. As of June 30, 2020, management determined that no qualitative factors exist that would require the Corporation to perform the quantitative test, and thus no impairment was recorded.

Property and Equipment: Purchased property and equipment are stated at cost. Major repairs and betterments are capitalized and normal maintenance and repairs are charged to expense as incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The lives range from 3-15 years for equipment and 5-30 years for buildings and leasehold improvements. Upon retirement or sale of an asset, the cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in operations.

Allowance for Doubtful Accounts: The Corporation uses the reserve method of accounting for bad debts on accounts and contributions receivable for financial reporting purposes. The balance of the Corporation's allowance for doubtful accounts receivable was $15,000 and $23,443 at June 30, 2020 and 2019. There was no allowance for doubtful contributions receivable at June 30, 2020 and 2019.

Concentrations of Credit Risk: Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of cash and accounts, grants, and contributions receivable. The majority of accounts receivable at June 30, 2020 and 2019 are from underwriting. There were no accounts receivable concentrations at June 30, 2020 and 2019. At June 30, 2020 and 2019, grants receivable consists of grants made by two grantors.

The Corporation maintains its cash balances in one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to $250,000. The Corporation periodically has funds in excess of the federally insured limits.

1. Summary of Significant Accounting Policies, Continued:

Deferred Revenue: The Corporation receives in advance payments primarily for data transmission and rental of tower space. These advance payments are recorded as deferred revenue when received and reclassified to support and revenue in the period to which they are earned.

Paycheck Protection Program Loan: The Corporation's policy is to account for the Paycheck Protection Program ("PPP loan") (See Note 12) as debt. The Corporation will continue to record the loan as debt until either (1) the loan is partially or entirely forgiven and the debtor has been legally released, at which point the amount forgiven would be recorded into income or (2) the Corporation pays off the loan.

Advertising Expenses: The Corporation expenses advertising costs as they are incurred. Advertising expense is included in marketing and public relations expense in the statements of functional expenses and amounted to $555,830 for 2020 and $120,958 for 2019.

Functional Allocation of Expenses: Program, fundraising, and administrative costs have been summarized on a functional basis in the statements of activities. Certain direct costs have been charged to programs and supporting services on the basis of the activity benefited. Expenses directly attributable to a specific functional area of the Corporation are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated. Following FASB guidance on management and general expense, depreciation is allocated based on square footage basis. All other costs are evaluated on a per invoice basis to determine what functions have been served.

Tax Status: The Internal Revenue Service has determined that the Corporation is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. Under the provisions of Section 501, the Corporation is exempt from income taxes on income other than unrelated business income.

Management has evaluated the effect of guidance surrounding uncertain income tax positions and concluded that the Corporation has no significant financial statement exposure to uncertain income tax positions at June 30, 2020 or 2019. The Corporation is not currently under audit by any tax jurisdiction.

Pension Benefits: The Corporation has a noncontributory defined benefit pension plan (the "Plan") that covered substantially all full-time employees. The Plan was frozen by the Board of Directors as of June 30, 2006. The Plan provides benefits that are based on compensation during the last five years before retirement and total years of service. The Corporation accounts for its pension plans in accordance with FASB guidance relating to employer's accounting for defined benefit pension and other postretirement plans. The guidance requires recognition of the funded status of the Corporation's benefit plan in its statements of financial position as of June 30, 2020 and 2019 and to recognize the gains or losses and prior service costs or credits that arise during the period but are not

1. Summary of Significant Accounting Policies, Continued:

Pension Benefits, continued: recognized as components of net periodic benefit cost. These amounts will be adjusted as they are subsequently recognized as components of net periodic benefit cost. The impact of changes to assumptions, including the discount rate, used to determine the minimum pension liability is shown on the accompanying statements of activities as the change in minimum pension liability (see Note 9).

The Corporation's funding policy is to make the minimum annual contribution that is required by applicable regulations, plus such amounts as the Corporation may determine to be appropriate from time to time.

In 2020, a lump-sum payment of $3,124,889 was made to further fund the liability of the Plan.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications: Certain prior year balances have been reclassified to conform with current year presentation.

2. Investments:

Pursuant to its bylaws, the Corporation's Investment Committee provides general oversight of the security, funding, and investment management of the Corporation's endowment and investment assets, and review of its investment policies. The Investment Committee operates under a charter approved by the Board. The Corporation's investment policies describe overall investment objectives as well as defining types of authorized investments to provide for a diversified portfolio. Under these policies, investments are managed to maintain funds for future needs. The funds may be invested in U.S. government and corporate obligations, domestic and international equities, and other instruments meeting criteria established by the Board. Because of the long-term perspective and purpose, the Corporation's invested funds are reported as non-current assets.

Fair values by investment category are disclosed in Note 6.

2. Investments, Continued:

Investment transactions are reported as follows for the years ended June 30:

	2020	2019
Interest and dividends	$ 590,042	$ 835,686
Net realized (loss)/gain	(229,091)	530,364
Net unrealized gain	398,615	221,875
Investment gain	759,566	1,587,925
Investment transaction costs and management fees	(61,741)	(63,197)
Investment income, net	$ 697,825	$ 1,524,728

3. Contributions Receivable, Net:

As of June 30, contributors to the Corporation made unconditional written promises to give related to the following purposes:

	2020	2019
With donor restrictions:		
Capital campaign, net	$ -	$ 2,750
TV	37,850	40,000
FM	13,750	-
Total with donor restrictions	51,600	42,750
Total contributions receivable, net	$ 51,600	$ 42,750

The Corporation projects that contributors will remit these contributions as follows:

	2020	2019
Less than one year	$ 22,600	$ 42,750
One year to five years	29,000	-
	$ 51,600	$ 42,750

3. Contributions Receivable, Net, Continued:

Management has considered the present value of contributions receivable and has determined that the discount to net present value would be immaterial to the financial statements.

4. Grants Receivable:

As of June 30, 2019, the Corporation had outstanding grants receivable from the Corporation for Public Broadcasting and the Foundation of $889,537. These grants were received in fiscal year 2020. As of June 30, 2020, the Corporation had outstanding grants receivable from the Foundation and the Federal Communications Commission ("FCC") of $1,918,524. These grants are expected to be received in fiscal year 2021.

5. Property and Equipment, Net:

As of June 30, property and equipment consisted of the following:

	2020	2019
Land	$ 55,107	$ 55,107
Buildings and leasehold improvements	5,078,957	5,392,808
Equipment	13,838,622	21,047,436
	18,972,686	26,495,351
Less accumulated depreciation	12,747,012	22,104,013
	$ 6,225,674	$ 4,391,338

During 2020, the Corporation sold four radio tower sites previously owned by SVETC to Southern Valley Electric Cooperative for proceeds of $1,250,000. The Corporation recorded a gain on disposal of $1,234,176 which is reflected as a component of non-operating revenue in the 2020 statement of activities.

During 2019, the Corporation sold a building and certain of its assets in Northern Virginia for proceeds of $2,153,538. The Corporation recorded a gain on disposal of $1,802,004, which is reflected as a component of non-operating revenue in the 2019 statement of activities.

6. Fair Value Measurements:

The FASB has issued guidance for measurement and disclosure of fair value and establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

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

Level 2 Quoted prices for similar instruments in active and inactive markets; and model driven valuations with significant inputs and drivers derived from observable active markets.

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

Corporate obligations: Valued at original cost adjusted for any premium or coupon. At June 30, 2020 and 2019, the corporate obligations have no unfunded commitments and can be redeemed immediately upon notice with no other redemption restrictions.

Equities: Valued at the closing price reported on the active market on which the individual securities are traded.

Mortgage and asset-backed securities: Valued at original cost adjusted for any premium or coupon.

Pension plan liabilities: Valued by the actuarial valuation as of July 1, 2020 and 2019 (see Note 9).

Pension plan assets:

Common collective trusts: Valued daily at the net asset value ("NAV") of shares or units held by the Plan based on quoted market value of the underlying assets (see Note 9).

Mutual funds: Valued at the net asset value ("NAV") of shares held by the Plan at year end (see Note 9).

Cash equivalents: Considered highly liquid securities that were purchased with a maturity of three months or less. Valued at face value (see Note 9).

Insurance company general account: The contract is included in the financial statements at fair value, which represents earnings, less withdrawals and administrative expenses (see Note 9).

6. Fair Value Measurements, Continued:

The Corporation's investments are measured at fair value on a recurring basis at June 30, 2020, include the following:

	Fair Value Using			Investments
	Level 1	Level 2	Level 3	at Fair Value
Investments:				
Corporate obligations	$ -	$ 13,183,853	$ -	$ 13,183,853
Stocks	2,356,280	-	-	2,356,280
Mutual funds:				
Value	1,362,571	-	-	1,362,571
Growth	2,174,266	-	-	2,174,266
Blend	1,821,784	-	-	1,821,784
International	2,164,974	-	-	2,164,974
Allocation	1,518,248	-	-	1,518,248
Technology	374,283	-	-	374,283
Health	327,505	-	-	327,505
Energy	151,400	-	-	151,400
Mortgage and asset-backed securities	-	31,669	-	31,669
Total investments	$ 12,251,311	$ 13,215,522	$ -	$ 25,466,833

The Corporation's pension plan assets and liabilities are measured at fair value on a recurring basis at June 30, 2020, include the following:

	Fair Value Using			Assets/Liabilities
	Level 1	Level 2	Level 3	at Fair Value
Pension plan assets:				
Investments in hierarchy	$ 4,307,955	$ -	$ -	$ 4,307,955
Investments measured at NAV [(a)]				8,596,054
Pension plan liabilities	-	-	(15,445,105)	(15,445,105)
Net pension plan assets (liabilities) at fair value	$ 4,307,955	$ -	$ (15,445,105)	$ (2,541,096)

6. Fair Value Measurements, Continued:

The Corporation's investments are measured at fair value on a recurring basis at June 30, 2019, include the following:

	Fair Value Using			Investments
	Level 1	Level 2	Level 3	at Fair Value
Investments:				
Corporate obligations	$ -	$ 15,137,114	$ -	$ 15,137,114
Stocks	1,900,035	-	-	1,900,035
Mutual funds and ETFs:				
Value	2,233,030	-	-	2,233,030
Growth	3,450,522	-	-	3,450,522
Blend	1,865,616	-	-	1,865,616
International	1,502,299	-	-	1,502,299
Allocation	316,040	-	-	316,040
Technology	279,539	-	-	279,539
Health	295,698	-	-	295,698
Financial	466,782	-	-	466,782
Energy	286,695	-	-	286,695
Other	1,015,454	-	-	1,015,454
Mortgage and asset-backed securities	-	69,806	-	69,806
Total investments	$ 13,611,710	$ 15,206,920	$ -	$ 28,818,630

The Corporation's pension plan assets and liabilities are measured at fair value on a recurring basis at June 30, 2019, include the following:

	Fair Value Using			Assets/Liabilities
	Level 1	Level 2	Level 3	at Fair Value
Pension plan assets:				
Investments in hierarchy	$ 3,351,253	$ -	$ -	$ 3,351,253
Investments measured at NAV [a]				6,198,667
Pension plan liabilities	-	-	(14,393,022)	(14,393,022)
Net pension plan assets (liabilities) at fair value	$ 3,351,253	$ -	$ (14,393,022)	$ (4,843,102)

[a] *In accordance with subtopic 820-10, these Plan assets (collective investment trusts) are measured at the net asset value per share (or its equivalent) as a practical expedient and have not been included in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in Note 9.*

7. Accrued Expenses:

Accrued expenses at June 30 consisted of the following:

	2020	2019
Accrued payroll	$ 394,851	$ 297,858
Accrued vacation	373,580	351,406
Due to other organizations	-	36,477
Other accrued expenses	16,040	38,642
	$ 784,471	$ 724,383

8. Liquidity and Availability of Financial Assets:

The Corporation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of available funds. VPM's investments are regularly reviewed by its Investment Committee.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date as of June 30 comprise the following:

8. Liquidity and Availability of Financial Assets, Continued:

	2020	2019
Financial assets available within one year:		
Cash and cash equivalents	$ 2,692,507	$ 3,999,547
Accounts receivable, net	223,170	416,134
Contributions receivable, net	22,600	42,750
Grants receivable	1,918,524	889,537
Investments (see Notes 2 and 6)	25,466,833	28,818,630
Total available within one year	30,323,634	34,166,598
Less those unavailable for general expenditure within one year:		
Net assets with donor restrictions	458,690	464,269
Net assets with board designations	328,153	3,328,153
Total unavailable within one year	786,843	3,792,422
Financial assets available for general expenditure within one year	$ 29,536,791	$ 30,374,176

As part of the Corporation's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Although the Corporation does not intend to spend from Board designated funds for general expenditures, these funds could be made available if necessary.

9. Retirement Plans:

The Corporation has a noncontributory defined benefit pension plan that covered all employees meeting certain service requirements. The Plan was frozen by the Board of Directors as of June, 30, 2006. The Corporation recognizes the funded status (the difference between the benefit obligation and the fair value of plan assets) in its statements of financial position and recognizes previously unrecognized gains or losses and prior service costs or credits. The latest actuarial valuations were as of July 1, 2020 and 2019.

The following table presents a reconciliation of the beginning and ending balances of the benefit obligation, fair value of plan assets and the funded status of the aforementioned pension plan to the net amounts measured and recognized in the statement of financial position:

9. Retirement Plans, Continued:

	2020	2019
Accumulated benefit obligation at the end of the year	$15,445,105	$14,393,022
Change in projected benefit obligation:		
Projected benefit obligation at the beginning of the year	$14,393,022	$13,352,679
Interest cost	503,406	557,914
Actuarial (gain) loss	1,273,229	1,183,670
Benefits paid	(724,552)	(701,241)
Projected benefit obligation at the end of the year	15,445,105	14,393,022
Change in plan assets:		
Fair value of plan assets at the beginning of the year	9,549,920	9,390,778
Actual return on plan assets	544,252	517,283
Employer contributions	3,534,389	343,100
Benefits paid	(724,552)	(701,241)
Fair value of plan assets at the end of the year	12,904,009	9,549,920
Accrued cost recognized in accrued liabilities	$ (2,541,096)	$ (4,843,102)

9. Retirement Plans, Continued:

The following table provides a reconciliation on the pension activity for the years ended June 30:

	2020	2019
Net periodic cost	$ 543,708	$ 494,869
Change in minimum pension liability	688,675	729,432
	1,232,383	1,224,301
Employer contributions	(3,534,389)	(343,100)
Change in accrued pension liability	$ (2,302,006)	$ 881,201

Net periodic cost and settlement/curtailment expense are included in group pension contributions in the accompanying statements of functional expenses.

The following table sets forth the weighted average assumptions as of June 30:

	2020	2019
Discount rate	2.85%	3.60%
Expected rate of return on plan assets	4.25%	4.84%
Rate of compensation increases	N/A	N/A

The following table sets forth the other significant plan information for the plan years ended June 30:

	2020	2019
Components of net periodic pension cost:		
Interest costs	$ 503,406	$ 557,914
Expected return on plan assets	(449,785)	(444,113)
Recognized losses	490,087	381,068
Net periodic cost	$ 543,708	$ 494,869
Benefits paid	$ 724,552	$ 701,241
Employer contribution	$ 3,534,389	$ 343,100

9. Retirement Plans, Continued:

Plan assets consist principally of long-term fixed income securities held by an insurance company and mutual funds that invest primarily in equities and corporate obligations. The Corporation's pension plan assets allocations are as follows:

	2020		2019	
Plan assets:				
Equity securities	33	%	24	%
Debt securities	61		72	
Money market	2		2	
Real estate	4		2	
Total	100	%	100	%

The fair value of the Corporation's pension plan assets at June 30, 2020 by asset category are as follows:

	Fair Value Using Level 1	Asset/Liabilities at Fair Value
Mutual funds - equities	$ 1,447,154	$ 1,447,154
Mutual funds - bonds	2,287,034	2,287,034
Cash equivalents	573,767	573,767
Total assets in the fair value hierarchy	$ 4,307,955	4,307,955
Investments measured at NAV [(a)]		8,596,054
Total assets at fair value		$ 12,904,009

9. Retirement Plans, Continued:

The fair value of the Corporation's pension plan assets at June 30, 2019 by asset category are as follows:

	Fair Value Using Level 1	Asset/Liabilities at Fair Value
Mutual funds - equities	$ 859,250	$ 859,250
Mutual funds - bonds	2,264,035	2,264,035
Cash equivalents	227,968	227,968
Total assets in the fair value hierarchy	$ 3,351,253	3,351,253
Investments measured at NAV [a]		6,198,667
Total assets at fair value		$ 9,549,920

[a] *In accordance with subtopic 820-10, these Plan assets are measured at the net asset value per share (or its equivalent) as a practical expedient and have not been included in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to total plan assets.*

Based on the July 1, 2020 plan valuation, a contribution of $334,000 is expected for fiscal year 2021. Future benefit payments are expected to be $836,000 in fiscal year 2021, $840,000 in fiscal year 2022, $861,000 in fiscal year 2023, $872,000 in fiscal year 2024, $878,000 in fiscal year 2025 and $4,280,000 in the fiscal years through 2030.

The Corporation also maintains a contributory defined contribution plan under IRC Section 403(b), which allows eligible employees to defer a portion of their compensation. The Corporation provided an employer matching contribution of 50% on employee contributions up to 6% of salary. Effective July 1, 2019, the Corporation increased its employer matching contribution to 50% of employee contributions up to 8% of salary. The total expense for the 403(b) plan was $192,088 for 2020 and $91,742 for 2019.

10. Support Received in Exchange Transactions:

The Corporation receives various donated services from governmental agencies, corporations and businesses, and nonprofit entities in exchange for underwriting credits of a similar value to the services donated. The value of these services is determined by the actual value of the underwriting credit provided to the entity or the fair value of the contributed service. These are included as underwriting revenue and various offsetting expenses as indicated below.

The values of the support recognized in the financial statements through exchange transactions are as follows:

	2020	2019
TV	$ 118,425	$ 121,565
FM	66,692	198,201
	$ 185,117	$ 319,766

This support is included in fundraising expense on the accompanying statements of functional expenses.

11. Capital Expenditure Loan:

In August 2019, VPM and the Foundation's Board approved $2.568 million of additional capital expenditures (for property and equipment), of which approximately $1.639 million and $929,000 was to be paid by the Foundation and Corporation, respectively. In October 2019, the Corporation approved an unsecured $2.6 million working capital line to finance the capital improvements. The Corporation drew $2,116,522 on the line prior to its conversion to a fixed rate loan in May 2020. The loan accrues interest at 3.15 percent. Subsequently, the loan was amended to ensure a fixed monthly payment of $53,163. The loan will mature in November 2023. An informal agreement exists between the Foundation and the Corporation based on the original Board-approved projects and expenses, for 66 percent of the payments made on the loan to be reimbursed by the Foundation. During 2020, $39,546 was received in reimbursement from the Foundation and is included in Grants from Foundation on the accompanying statement of activities. Future maturities under the loan are $581,336 in 2021, $599,915 in 2022, $619,088 in 2023, and $262,016 in 2024.

Under the provisions of the loan, the Corporation is subject to specified financial and operating covenants. The Corporation is in compliance with all covenants as of June 30, 2020.

12. Due to Related Party:

In response to the economic instability caused by COVID-19, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was passed by Congress and signed into law by the President on March 27, 2020. The Paycheck Protection Program was a component of the CARES Act and provided for a loan ("PPP Loan") to provide a direct incentive for employers to keep their employees on the payroll. A PPP Loan is eligible for full or partial forgiveness if the funds are used for qualifying costs including payroll, rent, mortgage interest, or utilities, as further defined in the CARES Act.

The Foundation applied for and was approved for a PPP Loan in the amount of $1,597,500. The loan was funded on April 16, 2020. The loan accrues interest at 1.0%, but payments are not required to begin for six months after the funding of the PPP Loan. The Foundation is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The PPP Loan is uncollateralized and is fully guaranteed by the Federal government. Subsequent to the receipt of the PPP Loan funds, the full amount of the loan was disbursed to the Corporation. A corresponding note was signed for the repayment of these proceeds to the Foundation.

As of June 30, 2020, the Corporation had used all of the loan proceeds for qualifying costs and as a result, management believes the PPP Loan will be fully forgiven and thus does not anticipate making any payments on the note payable to the Foundation related to interest or principal on the loan.

13. Commitments and Contingencies:

The Corporation received equipment grants from federal agencies which covered the cost of specific items of equipment. The federal agencies have a lien on this equipment for a period of ten years from the date of acquisition. If during the ten-year period certain conditions are not met, or the equipment is disposed of, the Corporation could be required to refund a portion of the grant proceeds to the granting agency.

The Corporation has lease agreements relating to broadcast towers. These lease agreements include instances where the Corporation owns the tower and the land on which it sits, owns the tower and leases the land, leases space on the tower owned by a third-party, and other special arrangements. In many instances the agreements may require the Corporation to return the leased land/tower to a pristine or original condition in the event the leases are terminated. Management is unable to estimate the remedial costs that would be incurred to return land to a pristine condition. Management intends to renew all tower lease agreements indefinitely; therefore, management cannot reasonably estimate a timeframe in which those costs would be incurred. The accompanying financial statements do not include any adjustments if and when these agreements are terminated.

14. Operating Leases:

The Corporation leased space for television and radio transmitter equipment, office equipment and space, and vehicles at an expense of approximately $338,692 for 2020 and $332,158 in 2019.

The following is a schedule, by year, of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2020:

Year Ending June 30:	Amount
2021	$ 337,745
2022	312,569
2023	113,099
2024	86,696
2025	53,326
Thereafter	86,989
	$ 990,424

15. Rental Income:

The Corporation leases space to government agencies and telecommunications companies for the placement of antennas and other communications equipment on the Corporation's broadcast towers. The following is a schedule, by year, of minimum future rentals on noncancelable operating leases as of June 30, 2020:

Year Ending June 30:	Amount
2021	$ 1,102,551
2022	1,116,188
2023	1,131,632
2024	1,154,210
2025	1,180,159
	$ 5,684,740

These amounts will be included in rental income and data transmission on the accompanying statements of activities.

In September 2006, the Corporation entered into an Educational Broadband Service Long-Term Agreement to lease capacity on channels (WNC686, WHG238 and WHR972) to transmit in the Richmond, Virginia area. The initial term was for ten years with two renewal terms of ten years each. The agreement automatically renewed in September 2016. The Corporation has been issued an irrevocable standby letter of credit that automatically terminates upon termination of the Agreement.

16. Net Assets With Donor Restrictions:

Net assets of $303,737 and $339,405 were released from donor-imposed restrictions during the years ended June 30, 2020 and 2019, respectively, by incurring expenses or making capital acquisitions that satisfy the restricted purposes specified by the donor.

Net assets with donor restrictions of $72,199 as of June 30, 2020 and $77,778 as of June 30, 2019 consist of contributions/grants received for Ready to Learn projects, future programming, and a capital campaign for planned giving to fund technology improvements.

Net assets with donor restrictions of $386,491 at June 30, 2020 and 2019 consist of funds permanently restricted by donors for television and radio purposes.

17. Endowment Funds:

The Corporation's endowment (net assets with permanent donor restrictions) consists of two individual funds established by donors for television and radio purposes. As required by accounting principles generally accepted in the United States, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Corporation has interpreted Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Corporation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portions of the donor-restricted endowment fund that are not classified as restricted in perpetuity are only reclassified as net assets without donor restrictions when these amounts appropriated for expenditure are disbursed in accordance with donor restrictions in a manner consistent with the standard of prudence prescribed by UPMIFA.

17. Endowment Funds, Continued:

In accordance with UPMIFA, the Corporation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

Endowment Investing and Spending Policies: The Corporation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment funds are invested in a manner that is intended to produce stated investment results while assuming a moderate level of investment risk. The Corporation's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective return through diversification of asset classes. The current long-term return objective is to achieve a total rate of return that consistently ranks in the top quartile of investments with the same average asset allocation. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, the Corporation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Historically, the Corporation has targeted a diversified asset allocation that placed a greater value on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

The spending policy calculates the amount of money annually distributed from the Corporation's various endowed funds for programs and administration. The current spending policy is to distribute earnings, as available, to fund corporate operations.

Funds with Deficits: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Corporation to retain as a fund of perpetual duration. In accordance with GAAP, it is the policy of the Corporation to absorb these losses with net assets without donor restrictions. There are no deficiencies at June 30, 2020 or 2019. The Corporation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required by law.

18. Guarantees:

Pursuant to its Articles of Incorporation, the Corporation has certain obligations to indemnify its current and former officers and directors for certain events or occurrences while the officer or director is, or was serving, at the Corporation's request in such capacities. The maximum liability under these obligations is limited by the Code of Virginia. The Corporation's insurance policies serve to further limit its exposure. The Corporation believes that the estimated fair value of these indemnification obligations is minimal.

In accordance with the terms of tower rental lease agreements, the Corporation generally agrees to indemnify the lessor from certain liabilities arising as a result of the use of the leased premises, including environmental liabilities and repairs to leased property upon termination of the lease. The Corporation is responsible for all repairs and maintenance of all towers that are owned by the Corporation. The Corporation also leases equipment and is responsible for all damages to the equipment while in its possession, exclusive of that caused by fire, flood, or other act of God.

19. Spectrum Auction Proceeds:

During 2017, the Federal Communications Commission ("FCC") held a voluntary auction to purchase the right to use broadcast spectrum from commercial and public broadcasters across the country with the goal to re-sell that spectrum to wireless providers for the benefit of creating more bandwidth for mobile broadband and other wireless services. The Corporation was awarded a one-time amount of $181,956,420 in exchange for its spectrum channels and received the proceeds in July 2017.

In accordance with a 2013 separation agreement with a third party, the Corporation was required to split the first $20 million of spectrum auction proceeds equally with the third party, and use the remaining proceeds to create a Foundation whose purpose is to foster public media in the Commonwealth of Virginia.

During 2018, the Corporation and the Foundation determined that the amount to be used to start the Foundation was $158,600,000. The remaining $3,356,420 remained the property of the Corporation. The Board subsequently determined that $3,000,000 would be used to fund future required pension contributions and was classified as board designated net assets on the 2019 statement of financial position. In 2020, $3,124,889, representing the original designated amount plus earnings thereon, was contributed to the Plan.

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19. Spectrum Auction Proceeds, Continued:

In accordance with a 2017 share agreement with the third party, the Corporation agreed to remit $10 million to the third party over a period of five years in various instalments upon satisfaction of the terms of the agreement. The Corporation remitted $1,000,000 to the third party during 2020 and shall remit the following amounts to the third party for the years ended June 30:

Year ending June 30:	Amount
2021	$ 1,000,000
2022	1,000,000
2023	4,500,000
	$ 6,500,000

Following the 2017 spectrum auction, the FCC established a program to reimburse public television broadcasters for the allowable cost associated with updating facilities in compliance with the new channel(s) assigned by the FCC (repack). The repack was a reassignment of television channels to lower frequencies at a higher density to free up all higher channels for cellular carriers; all coordinated by the FCC. The Corporation received reimbursement revenue of $953,849 associated with this program in FY 2020. Of this amount, $438,234 is included in grants receivable on the accompanying statements of financial position at June 30, 2020 and is expected to be received in FY 2021.

20. Related Party Transactions:

The Corporation received grant revenue from the Foundation of $7,333,083 during 2020 and $3,621,505 during 2019. Of these amounts, $1,480,290 and $444,579 is included in grants receivable on the accompanying statements of financial position at June 30, 2020 and 2019, respectively.

21. I64 Media, LLC:

In March 2020, the Corporation formed I64 Media LLC to conduct charitable and educational activities such as the creation of educational programming for public broadcasting and the sale of merchandise related to its programming. The Corporation is the sole member of I64 Media. I64 Media will be utilized for a number of different activities including the production of educational radio and television (visual) programs; publication of books, pamphlets and newsletters on a wide range of educational and cultural subjects; and distribution of media.

22. New Accounting Guidance:

Revenue Recognition: In May 2014, the FASB issued Accounting Standard Update ("ASU") 2014-09 – Revenue Recognition from Contracts with Customers ("Topic 606"). The update modifies the guidance used to recognize revenue from contracts with customers for transfers of goods or services and transfers of nonfinancial assets, unless those contracts are within the scope of other guidance. The update eliminates all transaction and industry-specific accounting principles and replaces them with a unified, five step approach. The new standard will be effective for periods beginning after December 15, 2019. The Corporation is currently evaluating the reporting and economic implications of the new standard.

Leases: In February 2016, the FASB issued new guidance over leases which requires that all leasing activity with initial terms in excess of twelve months be recognized on the balance sheet with a right of use asset and a lease liability. The standard will require entities to classify leases as either a finance, or operating lease based upon the contractual terms. For finance leases, the right to use asset and lease liability will be calculated based upon the present value of the lease payments. The asset will then be amortized and the interest on the obligation will be recognized separately within the statement of operations. On the statement of cash flows, the principal portion of the finance lease payments will be classified as a financing activity. For operating leases, the right to use asset and lease liability will also be calculated based upon the present value of the lease payments. However, the cost of the lease will generally be allocated over the lease term on a straight-line basis and presented as a single expense on the statement of operations. On the statement of cash flows, all cash payments for operating leases will be classified as an operating activity. The new standard will be effective for periods beginning after December 15, 2021, and will require entities to use a modified retrospective approach to the earliest period presented. The Corporation is currently evaluating the reporting and economic implications of the new standard.

23. Subsequent Events:

The Corporation has evaluated subsequent events through November 23, 2020, the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

VPM MEDIA CORPORATION

Schedule of Revenue and Expenses for Annual Financial Report
Year Ended June 30, 2020

	Radio	TV	Total
Support and revenue:			
Operating:			
Community support:			
Membership contributions and corporate support	$ 1,390,723	$ 2,780,261	$ 4,170,984
Underwriting - program	1,345,578	569,144	1,914,722
Underwriting - in-kind/trades	118,425	66,692	185,117
Underwriting - production	43,000	270,543	313,543
Foundation production grants	-	7,333,083	7,333,083
Public support - community service grants:			
Corporation for Public Broadcasting	272,233	2,240,461	2,512,694
Amortization of deferred revenue from capital grants		34,762	34,762
Broadcast services:			
Data transmission	-	564,792	564,792
Gain on disposal of property and equipment	-	1,089,113	1,089,113
Miscellaneous	9	105,240	105,249
Miscellaneous - Repacking Spectrum	-	953,849	953,849
Total operating revenue	3,169,968	16,007,940	19,177,908
Investment income, net	-	697,825	697,825
Rental income	43,652	569,589	613,241
Production services	9,700	574,957	584,657
Pension	-	(688,675)	(688,675)
Total support and revenue per Annual Financial Report (AFR)	$ 3,223,320	$ 17,161,636	$ 20,384,956

See report of independent accountants.

VPM MEDIA CORPORATION

Schedule of Revenue and Expenses for Annual Financial Report, Continued
Year Ended June 30, 2020

	Radio	TV	Total
Expenses:			
Program:			
Programming and production	$ 2,564,984	$ 8,567,002	$ 11,131,986
Broadcast and engineering	379,974	1,957,882	2,337,856
Promotions, community engagement, & education	362,373	991,749	1,354,122
Total program expenses	3,307,331	11,516,633	14,823,964
General and administrative	2,066,466	3,235,645	5,302,111
Fundraising	1,085,947	2,055,138	3,141,085
Total expenses per AFR	6,459,744	16,807,416	23,267,160
Total change in net assets per AFR	$ (3,236,424)	$ 354,220	$ (2,882,204)

See report of independent accountants.