VPM Media Corporation

Consolidated Financial Statements

June 30, 2021 and 2020

Keiter
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VPM MEDIA CORPORATION

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REPORT OF INDEPENDENT ACCOUNTANTS

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of VPM Media Corporation and its subsidiary, which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of VPM Media Corporation and its subsidiary as of June 30, 2021 and 2020, and its changes in their net assets and their 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 consolidated 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 consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Keiter

November 29, 2021
Glen Allen, Virginia

VPM MEDIA CORPORATION

Consolidated Statements of Financial Position
June 30, 2021 and 2020

Assets	2021	2020
Current assets:		
Cash and cash equivalents	$ 2,627,532	$ 2,692,507
Accounts receivable, net	286,787	223,170
Contributions receivable, net - current	62,500	22,600
Grants receivable	454,620	1,918,524
Prepaid expenses	521,334	147,816
Real estate held for sale	149,000	-
Total current assets	4,101,773	5,004,617
Contributions receivable	16,500	29,000
Property and equipment, net	6,243,548	6,225,674
Intangible assets	1,684,669	1,696,253
Pension asset	309,198	-
Investments (see Notes 2 and 6)	29,044,474	25,466,833
Total assets	$ 41,400,162	$ 38,422,377
Liabilities and Net Assets		
Current liabilities:		
Notes payable - current (see Note 11)	$ 599,915	$ 581,336
Accounts payable	1,239,445	578,677
Spectrum auction proceeds payable - current (see Note 20)	4,000,000	1,000,000
Accrued expenses	472,008	784,471
Accrued pension liability - current	-	836,000
Deferred revenue	310,795	648,821
Total current liabilities	6,622,163	4,429,305
Due to related party (PPP loan) (see Note 12)	-	1,597,500
Notes payable - noncurrent (see Note 11)	881,933	1,481,019
Spectrum auction proceeds payable - noncurrent (see Note 20)	404,710	5,500,000
Accrued pension liability - noncurrent	-	1,705,096
Total liabilities	7,908,806	14,712,920
Net assets:		
Without donor restrictions:		
Undesignated	34,181,455	28,461,596
Board designated - general purposes (see Note 1)	328,153	328,153
Board designated - VPM News initiatives (see Note 1)	1,000,000	-
Minimum pension liability adjustment	(2,564,633)	(5,538,982)
Total without donor restrictions	32,944,975	23,250,767
With donor restrictions	546,381	458,690
Total net assets	33,491,356	23,709,457
Total liabilities and net assets	$ 41,400,162	$ 38,422,377

See accompanying notes to financial statements.

VPM MEDIA CORPORATION

Consolidated Statements of Activities
Year Ended June 30, 2021, with Comparative Totals for 2020

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Support and revenue:				
Operating:				
Community support:				
Membership contributions and corporate support	$ 5,481,739	$ 212,627	$ 5,694,366	$ 4,464,142
Underwriting	1,964,400	-	1,964,400	2,114,838
Production services	940,193	-	940,193	586,876
Public support - community service grants:				
Corporation for Public Broadcasting	3,048,670	-	3,048,670	2,512,694
Amortization of deferred revenue from capital grants	10,656	-	10,656	34,762
Broadcast services:				
Data transmission	564,792	-	564,792	564,792
Grants from Foundation (see Note 21)	6,910,570	-	6,910,570	7,333,083
FCC Spectrum repack reimbursements (see Note 20)	-	-	-	953,849
MHz Pension Reimbursement (see Note 20)	1,103,891		1,103,891	-
PPP Loan Forgiveness (see Note 1 and Note 12)	1,597,500		1,597,500	-
Miscellaneous	323,864	-	323,864	108,416
Total operating revenue	21,946,275	212,627	22,158,902	18,673,452
Investment income, net	4,875,917	-	4,875,917	697,825
Rental income	543,543	-	543,543	613,241
Gain on disposal of property and equipment (see Note 5)	-	-	-	1,089,113
Total support and revenue	27,365,735	212,627	27,578,362	21,073,631
Net assets released from restrictions	124,936	(124,936)	-	-

See accompanying notes to financial statements.

VPM MEDIA CORPORATION

Consolidated Statements of Activities, Continued
Year Ended June 30, 2021, with Comparative Totals for 2020

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Expenses:				
Program:				
Programming and production	$ 9,419,182	$ -	$ 9,419,182	$ 11,131,986
Broadcast and engineering	2,706,342	-	2,706,342	2,337,856
Promotions, community engagement and education	1,272,969	-	1,272,969	1,354,122
Total program expenses	13,398,493	-	13,398,493	14,823,964
General and administrative	5,373,553	-	5,373,553	5,302,111
Fundraising	1,998,766	-	1,998,766	3,141,085
Total expenses	20,770,812	-	20,770,812	23,267,160
Change in net assets before change in minimum pension liability	6,719,859	87,691	6,807,550	(2,193,529)
Change in minimum pension liability	2,974,349	-	2,974,349	(688,675)
Total change in net assets	9,694,208	87,691	9,781,899	(2,882,204)
Net assets at beginning of year	23,250,767	458,690	23,709,457	26,591,661
Net assets at end of year	$ 32,944,975	$ 546,381	$ 33,491,356	$ 23,709,457

See accompanying notes to financial statements.

VPM MEDIA CORPORATION

Consolidated Statements of Activities
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Operating:			
Community support:			
Membership contributions and corporate support	$ 4,165,984	$ 298,158	$ 4,464,142
Underwriting	2,114,838	-	2,114,838
Production services	586,876	-	586,876
Public support - community service grants:			
Corporation for Public Broadcasting	2,512,694	-	2,512,694
Amortization of deferred revenue from capital grants	34,762	-	34,762
Broadcast services:			
Data transmission	564,792	-	564,792
Grants from Foundation (see Note 21)	7,333,083	-	7,333,083
FCC Spectrum repack reimbursements (see Note 20)	953,849	-	953,849
Miscellaneous	108,416	-	108,416
Total operating revenue	18,375,294	298,158	18,673,452
Investment income, net	697,825	-	697,825
Rental income	613,241	-	613,241
Gain on disposal of property and equipment (see Note 5)	1,089,113	-	1,089,113
Total support and revenue	20,775,473	298,158	21,073,631
Net assets released from restrictions	303,737	(303,737)	-

See accompanying notes to financial statements.

VPM MEDIA CORPORATION

Consolidated Statements of Activities, Continued
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Expenses:			
Program:			
Programming and production	$ 11,131,986	$ -	$ 11,131,986
Broadcast and engineering	2,337,856	-	2,337,856
Promotions, community engagement and education	1,354,122	-	1,354,122
Total program expenses	14,823,964	-	14,823,964
General and administrative	5,302,111	-	5,302,111
Fundraising	3,141,085	-	3,141,085
Total expenses	23,267,160	-	23,267,160
Change in net assets before change in minimum pension liability	(2,187,950)	(5,579)	(2,193,529)
Change in minimum pension liability	(688,675)	-	(688,675)
Total change in net assets	(2,876,625)	(5,579)	(2,882,204)
Net assets at beginning of year	26,127,392	464,269	26,591,661
Net assets at end of year	$ 23,250,767	$ 458,690	$ 23,709,457

See accompanying notes to financial statements.

VPM MEDIA CORPORATION

Consolidated Statements of Functional Expenses
Year Ended June 30, 2021

	Program Services					
	Programming & Production	Broadcast & Engineering	Promotions, Community Engagement & Education	General & Administrative	Fundraising	Total
Salaries, wages, & benefits	$ 2,895,120	$ 1,072,589	$ 717,608	$ 2,953,375	$ 1,154,230	$ 8,792,922
Group pension contributions	151,158	54,967	36,644	155,739	59,547	458,055
Supplies & equipment	39,732	66,991	7,739	31,008	4,928	150,398
Repairs & maintenance	32,346	139,904	50	81,431	-	253,731
Occupancy	-	114,191	124	429,674	1,754	545,743
Utilities	32,811	65,621	3,860	86,852	3,860	193,004
Communications	23,984	47,968	2,822	63,487	2,822	141,083
Postage & shipping	574	2,014	1,271	8,187	16,959	29,005
Printing & publications	287	-	15,554	-	315,952	331,793
Vehicle expense	5,235	7,587	305	5,606	-	18,733
Travel	17,805	5,600	881	1,632	831	26,749
Professional services	758,274	73,070	89,706	853,115	90,966	1,865,131
Dues & subscriptions	90,511	9,869	855	76,859	28,820	206,914
PBS & NPR dues	1,400,345	-	-	-	-	1,400,345
Marketing & public relations	-	-	395,337	-	-	395,337
Information technology	60,963	71,181	184	383,047	869	516,244
Programming	270,485	-	-	-	-	270,485
Conferences & meetings	3,430	-	-	3,347	2,563	9,340
Production	3,573,726	-	-	-	-	3,573,726
Broadcast distribution	2,120	-	-	-	-	2,120
Premiums	-	-	-	-	67,216	67,216
Brokerage fees - UW buys	-	-	-	-	154,345	154,345
Trades - In/Kind	-	-	-	-	80,085	80,085
Miscellaneous	6,118	910	29	64,819	9,504	81,380
Bad debt expense	-	-	-	-	3,515	3,515
	9,365,024	1,732,462	1,272,969	5,198,178	1,998,766	19,567,399
Depreciation	54,158	973,880	-	175,375	-	1,203,413
Totals	$ 9,419,182	$ 2,706,342	$ 1,272,969	$ 5,373,553	$ 1,998,766	$ 20,770,812

See accompanying notes to financial statements.

VPM MEDIA CORPORATION

Consolidated Statements of Functional Expenses, Continued
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
PBS & NPR dues	1,490,771	-	-	-	-	1,490,771
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	411,455	-	-	-	-	411,455
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
Brokerage fees - UW Buys	-	-	-	-	49,531	49,531
Trades - In/Kind	-	-	-	-	185,117	185,117
Miscellaneous	19,978	-	5,441	95,917	325	121,661
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

Consolidated Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	$ 9,781,899	$ (2,882,204)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	1,214,997	1,155,739
In-kind contribution of real estate	(149,000)	-
PPP loan forgiveness	(1,597,500)	-
Reinvested net investment income	(4,875,917)	(697,825)
Gain on disposal of equipment	-	(1,089,113)
Changes in assets and liabilities:		
Accounts receivable, net	(63,617)	192,964
Contributions receivable	(27,400)	(8,850)
Grants receivable	1,463,904	(1,028,987)
Prepaid expenses	(373,518)	69,409
Accounts payable	660,768	(49,490)
Spectrum auction proceeds payable	(2,095,290)	(1,000,000)
Accrued expenses	(312,463)	60,088
Prepaid/accrued pension liability	(2,850,294)	(2,302,006)
Deferred revenue	(338,026)	464,720
Net cash provided by (used in) operating activities	438,543	(7,115,555)
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	2,298,276	4,049,622
Purchases of investments	(1,000,000)	-
Purchases of property and equipment	(1,221,287)	(3,150,962)
Proceeds from sale of property and equipment	-	1,250,000
Net cash provided by investing activities	76,989	2,148,660
Cash flows from financing activities:		
Borrowings on note payable	-	2,116,522
Principal payments on note payable	(580,507)	(54,167)
Due to related party (PPP loan)	-	1,597,500
Net cash (used in) provided by financing activities	(580,507)	3,659,855
Net change in cash	(64,975)	(1,307,040)
Cash and cash equivalents at the beginning of the year	2,692,507	3,999,547
Cash and cash equivalents at the end of the year	$ 2,627,532	$ 2,692,507
Cash payments for interest	$ 56,618	$ 5,752
Cash payments for taxes	$ -	$ 88,139

See accompanying notes to financial statements.

VPM MEDIA CORPORATION

Notes to Consolidated 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 20). These financial statements do not report the consolidation financial position or operations or cash flows of the Foundation.

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. As a subsidiary of the Corporation, I64 Media LLC activity is reported in the 2021 consolidated financial statements.

In December 2020, the Corporation and the Foundation’s Boards, respectively, approved new Articles of Incorporation and Bylaws to revise the organizational structure to change the Foundation to a Type I supporting organization from a Type III supporting organization. The organizational change became effective in March 2021 following review by the Federal Communications Commission and filing with the Virginia State Corporation Commission. The Foundation will remain as the parent for ease of reporting in the 2021 financial statements.

Basis of Accounting: The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (“GAAP”) as determined by the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”).

1. Summary of Significant Accounting Policies, Continued:

Newly Adopted Accounting Standard: 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 Corporation adopted the standard during 2021, under the full retrospective transition method. The adoption of Topic 606 did not have a material impact on the Corporation’s consolidated financial statements as there were no adjustments recorded to previously recorded amounts.

Revenue is recognized when obligations under the terms of a contract with a customer are satisfied; generally, this occurs with the transfer of control of the Corporation's products or services. Revenue is measured as the amount of total consideration expected to be received in exchange for transferring goods or providing services. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer in exchange for payment and is the unit of account. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when or as the performance obligation is satisfied. Revenue from memberships is recognized over time. Revenue from corporate underwriting and production services is recognized at a point in time when performance obligations are satisfied.

The Corporation receives in advance payments primarily for data transmission and rental of tower space. These advance payments represent contract liabilities and are recorded as deferred revenue when received and reclassified to support and revenue in the period to which they are earned. The amounts related to these contract liabilities were $310,795 and $148,821 at June 30, 2021 and 2020.

Accounts Receivable: Accounts receivable represent the Corporation's right to consideration in exchange for performance obligations satisfied. These amounts are presented net of the allowance for doubtful accounts. Accounts receivable, net related to these amounts were $286,787 and $223,170 at June 30, 2021 and 2020.

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.

1. Summary of Significant Accounting Policies, Continued:

Financial Statement Presentation, Continued: 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, 2021, Board designated net assets included $1,000,000 designated for VPM News initiatives and $328,153 designated for general purposes. At June 30, 2020, Board designated net assets include $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 consolidated 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, 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 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.

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.

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 consolidated 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.

1. Summary of Significant Accounting Policies, Continued:

Intangible Assets: As of June 30, 2021, intangible assets consist of rights to artwork of $110,000 acquired as part of the merger with Shenandoah Valley Educational Television Corporation (SVETC) and broadcast licenses of $1,574,669 acquired as part of the acquisition of Alpha Media, LLC in 2018. As of June 30, 2020, intangible assets totaled $1,696,253 and included additional broadcast rights of $11,584. 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, 2021 and 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. The Corporation capitalizes all expenditures for property and equipment over $5,000. 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 $10,000 and $15,000 at June 30, 2021 and 2020. There was no allowance for doubtful contributions receivable at June 30, 2021 and 2020.

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, 2021 and 2020 are from underwriting. At June 30, 2021, one customer accounted for 15% of the accounts receivable balance. There were no accounts receivable concentration at June 30, 2020. At June 30, 2021 and 2020, grants receivable consists of grants made by one grantor and two grantors, respectively.

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:

Paycheck Protection Program Loan: The Corporation's policy was to account for the Paycheck Protection Program ("PPP loan") (See Note 12) as debt. The Corporation continued to record the loan as debt until either (1) the loan was partially or entirely forgiven and the debtor had been legally released, at which point the amount forgiven would be recorded into income or (2) the Corporation paid off the loan. The PPP loan was forgiven in November 2020 and revenue recognized in fiscal year 2021.

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 $395,337 for 2021 and $555,830 for 2020.

Functional Allocation of Expenses: Program, fundraising, and administrative costs have been summarized on a functional basis in the consolidated 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, 2021 or 2020. 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 consolidated statements of financial position as of June 30, 2021 and 2020 and to recognize the gains or losses and prior service costs or credits that arise during the period but are not 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

1. Summary of Significant Accounting Policies, Continued:

Pension Benefits, Continued: minimum pension liability is shown on the accompanying consolidated 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.

In March 2021, the Board of Directors approved a resolution to terminate the Plan as of June 30, 2021. All appropriate notices were filed thereafter. In September 2021, the IRS approved the Plan's termination. The Corporation plans to purchase annuities and/or distribute lump-sum payouts, as applicable, during fiscal year 2022.

Use of Estimates: The preparation of consolidated 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:

	2021	2020
Interest and dividends	$ 587,906	$ 590,042
Net realized gain/(loss)	347,885	(229,091)
Net unrealized gain	4,013,415	398,615
Investment gain	4,949,206	759,566
Investment transaction costs and management fees	(73,289)	(61,741)
Investment income, net	$ 4,875,917	$ 697,825

3. Contributions Receivable, Net:

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

	2021	2020
With donor restrictions:		
TV	$ 74,000	$ 37,850
FM	5,000	13,750
Total with donor restrictions	79,000	51,600
Total contributions receivable, net	$ 79,000	$ 51,600

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

	2021	2020
Less than one year	$ 62,500	$ 22,600
One year to five years	16,500	29,000
	$ 79,000	$ 51,600

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 consolidated financial statements.

4. Grants Receivable:

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 were received in fiscal year 2021. As of June 30, 2021, the Corporation had an outstanding grant receivable from the Foundation of $454,620. This grant is expected to be received in fiscal year 2022.

5. Property and Equipment, Net:

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

	2021	2020
Land	$ 55,107	$ 55,107
Buildings and leasehold improvements	5,304,099	5,078,957
Equipment	12,930,751	13,838,622
	18,289,957	18,972,686
Less accumulated depreciation	12,046,409	12,747,012
	$ 6,243,548	$ 6,225,674

During 2020, the Corporation sold four radio tower sites previously owned by SVETC to Shenandoah 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 consolidated 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, 2021 and 2020, 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, 2021 and 2020 (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, 2021, include the following:

	Fair Value Using			Investments
	Level 1	Level 2	Level 3	at Fair Value
Investments:				
Corporate obligations	$ -	$ 11,611,478	$ -	$ 11,611,478
Stocks	11,509,620	-	-	11,509,620
Mutual funds	5,898,881	-	-	5,898,881
Mortgage and asset-backed securities	-	24,495	-	24,495
Total investments	$ 17,408,501	$ 11,635,973	$ -	$ 29,044,474

The Corporation's pension plan assets and liabilities are measured at fair value on a recurring basis at June 30, 2021, include the following:

	Fair Value Using			Assets/Liabilities
	Level 1	Level 2	Level 3	at Fair Value
Pension plan assets:				
Investments in hierarchy	$ 4,045,820	$ -	$ -	$ 4,045,820
Investments measured at NAV [(a)]				11,191,578
Pension plan liabilities	-	-	(14,928,200)	(14,928,200)
Net pension plan assets (liabilities) at fair value	$ 4,045,820	$ -	$ (14,928,200)	$ 309,198

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	7,878,010	-	-	7,878,010
Mutual funds	4,373,301	-	-	4,373,301
Mortgage and asset-backed securities	-	31,669	-	31,669
Total investments	$ 12,251,311	$ 13,215,522	$ -	$ 25,466,833

6. Fair Value Measurements, Continued:

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)

[(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:

	2021	2020
Accrued payroll	$ 122,684	$ 394,851
Accrued vacation	315,707	373,580
Other accrued expenses	33,617	16,040
	$ 472,008	$ 784,471

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. Corporation's investments are regularly reviewed by its Investment Committee.

8. Liquidity and Availability of Financial Assets, Continued:

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

	2021	2020
Financial assets available within one year:		
Cash and cash equivalents	$ 2,627,532	$ 2,692,507
Accounts receivable, net	286,787	223,170
Contributions receivable, net	62,500	22,600
Grants receivable	454,620	1,918,524
Investments (see Notes 2 and 6)	29,044,474	25,466,833
Total available within one year	32,475,913	30,323,634
Less those unavailable for general expenditure within one year:		
Net assets with donor restrictions	546,381	458,690
Net assets with board designations	1,328,153	328,153
Total unavailable within one year	1,874,534	786,843
Financial assets available for general expenditure within one year	$ 30,601,379	$ 29,536,791

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, 2021 and 2020.

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 consolidated financial position:

	2021	2020
Accumulated benefit obligation at the end of the year	$ 14,928,200	$ 15,445,105
Change in projected benefit obligation:		
Projected benefit obligation at the beginning of the year	$ 15,445,105	$ 14,393,022
Interest cost	428,356	503,406
Actuarial (gain) loss	(156,045)	1,273,229
Benefits paid	(789,216)	(724,552)
Projected benefit obligation at the end of the year	14,928,200	15,445,105
Change in plan assets:		
Fair value of plan assets at the beginning of the year	12,904,009	9,549,920
Actual return on plan assets	2,788,605	544,252
Employer contributions	334,000	3,534,389
Benefits paid	(789,216)	(724,552)
Fair value of plan assets at the end of the year	15,237,398	12,904,009
Value of plan assets in excess of (beneath the) benefit obligation	$ 309,198	$ (2,541,096)

9. Retirement Plans, Continued:

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

	2021	2020
Net periodic cost	$ 458,055	$ 543,708
Change in minimum pension liability	(2,974,349)	688,675
	(2,516,294)	1,232,383
Employer contributions	(334,000)	(3,534,389)
Change in accrued pension liability	$ (2,850,294)	$ (2,302,006)

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

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

	2021	2020
Discount rate	2.23% Immediate/ 2.60% Deferred	2.85%
Expected rate of return on plan assets	2.50%	4.25%
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:

	2021	2020
Components of net periodic pension cost:		
Interest costs	$ 428,356	$ 503,406
Expected return on plan assets	(537,697)	(449,785)
Recognized losses	567,396	490,087
Net periodic cost	$ 458,055	$ 543,708
Benefits paid	$ 789,216	$ 724,552
Employer contribution	$ 334,000	$ 3,534,389

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:

	2021		2020	
Plan assets:				
Equity securities	-	%	33	%
Debt securities	88		61	
Money market	12		4	
Real estate	-		2	
Total	100	%	100	%

The fair value of the Corporation's pension plan assets at June 30, 2021 by asset category are as follows:

	Fair Value Using Level 1	Asset/Liabilities at Fair Value
Mutual funds - bonds	$ 2,163,351	$ 2,163,351
Cash equivalents	1,882,469	1,882,469
Total assets in the fair value hierarchy	$ 4,045,820	4,045,820
Investments measured at NAV [(a)]		11,191,578
Total assets at fair value		$ 15,237,398

9. Retirement Plans, Continued:

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

[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, 2021 plan valuation, no contribution is expected for fiscal year 2022. Future benefit payments are expected to be $791,000 in fiscal year 2022, $818,000 in fiscal year 2023, $819,000 in fiscal year 2024, $820,000 in fiscal year 2025, $831,000 in fiscal year 2026 and $4,075,000 in the fiscal years through 2031.

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 8% of salary. The total expense for the 403(b) plan was $183,576 for 2021 and $192,088 for 2020.

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:

	2021	2020
TV	$ 16,870	$ 118,425
FM	63,215	66,692
	$ 80,085	$ 185,117

This support is included in fundraising expense on the accompanying consolidated 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 2021 and 2020, $421,058 and $39,546 was received, respectively in reimbursement from the Foundation and is included in Grants from Foundation on the accompanying consolidated statements of activities. Future maturities under the loan are $599,915 in 2022, $619,088 in 2023, and $262,845 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, 2021.

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 accrued interest at 1.0%, but payments are not required to begin for six months after the funding of the PPP Loan. The Foundation was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The PPP Loan was uncollateralized and was 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.

In November 2020, the Foundation was notified that the loan was fully forgiven. As a result, amounts were recognized as revenue in fiscal year 2021. The corresponding note between the Corporation and Foundation was also forgiven.

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 consolidated 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 $337,903 for 2021 and $338,692 for 2020.

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, 2021:

Year Ending June 30:	Amount
2022	$ 315,736
2023	127,720
2024	117,517
2025	92,946
2026	51,820
Thereafter	372,067
	$ 1,077,806

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, 2021:

Year Ending June 30:	Amount
2022	$ 1,159,864
2023	1,178,790
2024	1,208,742
2025	1,239,789
2026	1,258,301
	$ 6,045,486

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

15. Rental Income, Continued:

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

16. Net Assets Without Donor 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.

In 2020, the Corporation received a $1,000,000 bequest from the Ann Lee Saunders Brown estate that the Board designated for VPM News initiatives. $328,153 is designated for general purposes.

17. Net Assets With Donor Restrictions:

Net assets of $124,936 and $303,737 were released from donor-imposed restrictions during the years ended June 30, 2021 and 2020, respectively, by incurring expenses or making capital acquisitions that satisfy the restricted purposes specified by the donor.

Net assets with donor restrictions of $159,890 as of June 30, 2021 and $72,199 as of June 30, 2020 consist of contributions/grants received for Ready to Learn projects, and future programming.

Net assets with donor restrictions of $386,491 at June 30, 2021 and 2020 consist of funds permanently restricted by donors for television and radio purposes.

18. 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.

18. Endowment Funds, Continued:

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.

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.

18. Endowment Funds, Continued:

Endowment Investing and Spending Policies, Continued: 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, 2021 or 2020. The Corporation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required by law.

19. 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.

20. 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 MHz Networks Corp., the Corporation was required to split the first $20 million of spectrum auction proceeds equally with MHz, and use the remaining proceeds to create a Foundation whose purpose is to foster public media in the Commonwealth of Virginia.

20. Spectrum Auction Proceeds, Continued:

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.

In accordance with a September 2017 share agreement with MHz Foundation, Inc. (successor to MHz Networks Corp.), the Corporation agreed to remit $10 million of the balance owed over a period of six years in various instalments upon satisfaction of the terms of the share agreement. The Corporation remitted $4,500,000 to MHz from 2017 through 2021 pursuant to the share agreement, leaving $5,500,000 to be paid to MHz in two remaining instalments, the last to be paid in early calendar year 2023.

In June 2021, VPM and MHz entered into a termination agreement that terminated the earlier separation and share agreements. Based on the termination agreement, MHz agreed to reimburse the Corporation for $1,103,891 of pension expenses for MHz division employees incurred during the period 2018 through 2021. The outstanding payable balance was reduced by $1,103,891. This amount is reflected on the consolidated statement of activities as income in 2021. The Corporation also remitted $4,000,000 to MHz in early fiscal year 2022. The remaining payable is contingent on the needs associated with the termination of the Pension Plan. Any amounts in excess of MHz's obligation to the Plan, will be remitted.

Year ending June 30:	Amount
2022	$ 4,000,000
2023	404,710
	$ 4,404,710

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 fiscal year 2020. Of this amount, $438,234 was included in grants receivable on the accompanying consolidated statements of financial position at June 30, 2020 and was received in fiscal year 2021.

21. Related Party Transactions:

The Corporation received grant revenue from the Foundation of $6,910,570 during 2021 and $7,333,083 during 2020. Of these amounts, $454,620 and $1,480,290 is included in grants receivable on the accompanying consolidated statements of financial position at June 30, 2021 and 2020, respectively.

22. Risks and Uncertainties:

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 in 2020 (see Note 12). As of the date of issuance, activity at the Corporation has begun returning to prior levels. The ultimate impact of COVID-19 on the Corporation's future financial state is unknown at this time.

23. New Accounting Guidance:

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.

Contributions of Non-Financial Assets: In September 2020, the FASB issued new guidance related to contributions of non-financial assets received (ASU 2020-07) which amends previous guidance concerning presentation and disclosure of non-financial assets received. Specifically, the amendments require (1) presentation as a separate line item of contributed non-financial assets and (2) disclosure of information about each category of non-financial assets. The new standard will be effective for periods beginning after June 15, 2021 and will require entities to use a retrospective approach to the earliest period presented. The Corporation is currently evaluating the reporting and economic implications of the new standard.

24. Subsequent Events:

The Corporation has evaluated subsequent events through November 29, 2021, the date the consolidated financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

VPM MEDIA CORPORATION

Consolidated Schedule of Revenue and Expenses for Annual Financial Report
Year Ended June 30, 2021

	Radio	TV	AFR Total	I64 Media LLC Excluded from AFR	Consolidated Total
Support and revenue:					
Operating:					
Community support:					
Membership contributions and corporate support	$ 1,426,848	$ 4,054,891	$ 5,481,739	$ -	$ 5,481,739
Underwriting - program	1,331,709	496,773	1,828,482	-	1,828,482
Underwriting - production	24,000	504,620	528,620	45,833	574,453
Underwriting - in-kind/trades	63,215	16,870	80,085	-	80,085
Production services	33,000	586,727	619,727	-	619,727
Foundation production grants	-	6,910,570	6,910,570	-	6,910,570
Public support - community service grants:					
Corporation for Public Broadcasting	512,080	2,536,590	3,048,670	-	3,048,670
Amortization of deferred revenue from capital grants	-	10,656	10,656	-	10,656
Broadcast services:					
Data transmission	-	564,792	564,792	-	564,792
Distribution	-	-	-	12,719	12,719
Miscellaneous	74,651	2,985,625	3,060,276	(37,267)	3,023,009
Merchandise Sales	-	-	-	4,000	4,000
Total operating revenue	3,465,503	18,668,114	22,133,617	25,285	22,158,902
Investment income, net	-	4,875,905	4,875,905	12	4,875,917
Rental income	45,070	498,473	543,543	-	543,543
Total support and revenue per Annual Financial Report (AFR)	$ 3,510,573	$ 24,042,492	$ 27,553,065	$ 25,297	$ 27,578,362

See report of independent accountants.

VPM MEDIA CORPORATION

Consolidated Schedule of Revenue and Expenses for Annual Financial Report, Continued
Year Ended June 30, 2021

	Radio	TV	AFR Total	I64 Media LLC Excluded from AFR	Consolidated Total
Expenses:					
Program:					
Programming and production	$ 3,025,359	$ 6,365,323	$ 9,390,682	$ 28,500	$ 9,419,182
Broadcast and engineering	621,445	2,084,897	2,706,342	-	2,706,342
Promotions, community engagement, & education	599,350	673,619	1,272,969	-	1,272,969
Total program expenses	4,246,154	9,123,839	13,369,993	28,500	13,398,493
General and administrative	1,248,250	4,112,793	5,361,043	12,510	5,373,553
Fundraising	940,684	1,058,082	1,998,766	-	1,998,766
Total expenses per AFR	6,435,088	14,294,714	20,729,802	41,010	20,770,812
Total change in net assets per AFR	$ (2,924,515)	$ 9,747,778	$ 6,823,263	$ (15,713)	$ 6,807,550

See report of independent accountants.