

Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Financial Statements and Supplementary Information

June 30, 2024 and 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)
San Juan, Puerto Rico

Opinion

We have audited the financial statements of the Puerto Rico Public Broadcasting Corporation (the Corporation), a component unit of the Commonwealth of Puerto Rico (the Commonwealth), which comprise the statements of net position as of June 30, 2024 and 2023, and the related statements of revenues, expenses and changes in net position, and of cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of June 30, 2024 and 2023, and the related changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Approval of the Plan of Adjustment of the Commonwealth

As discussed in Notes 1 to the accompanying financial statements, on June 30, 2016, the Puerto Rico Oversight, Management, and Economic Stability Act, 48 U.S.C. § 2101. *et seq.* (PROMESA or the Act) was enacted into law. This Act established the Financial Oversight and Management Board for Puerto Rico (the Oversight Board) to oversee the finances of the Commonwealth and its efforts to achieve fiscal responsibility and obtain access to capital markets. As part of the recommendations made by the Oversight Board to improve the Commonwealth's finances, the Corporation has commenced a privatization process to provide for increased growth opportunities, enhance its programming offering, and to reduce the Commonwealth's future spending. Such privatization plan will be implemented by transferring the Corporation's assets to a transitional not-for-profit entity that will ensure the continuity of services until the creation of a permanent, private organization. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedules of revenues, expenses and changes in net position by function for the years ended June 30, 2024 and 2023, as listed in the table of contents, are presented for purposes of additional analysis and are 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 of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.



DLLC322-888
Puerto Rico Public Broadcasting Corporation

Galíndez LLC

San Juan, Puerto Rico
May 30, 2025
License No. LLC-322
Expires December 1, 2026

Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Management's Discussion and Analysis – (Continued)
(Unaudited)

June 30, 2024 and 2023

As management of the Puerto Rico Public Broadcasting Corporation (the Corporation), a component unit of the Commonwealth of Puerto Rico (the Commonwealth), we present the following management's discussion and analysis (MD&A) to provide an overview of the financial performance of the Corporation as of and for the years ended June 30, 2024 and 2023, and to provide readers with additional financial information for placing the basic financial statements in an appropriate operational, economic, or historical context. We recommend the readers to consider the analysis, narrative and data information presented in this report in conjunction with the financial statements that follow this section.

Financial Highlights

- The assets of the Corporation as of June 30, 2024 decreased by approximately \$8.9 million or 31%, including deferred outflows, when compared to June 30, 2023.
- The liabilities of the Corporation as of June 30, 2024 exceeded its assets by approximately \$23.2 million, including deferred inflows, resulting in a negative net position for such amount.
- At June 30, 2024, the net position of the Corporation decreased by \$8.5 million or 58% when compared to June 30, 2023, mainly due to the results from operations for the years.
- Operating revenues for the year ended June 30, 2024 decreased by approximately \$531,000 or 7% when compared to the year ended June 30, 2023.
- Non-operating revenues for the year ended June 30, 2024 decreased by approximately \$1.4 million or 32% when compared to the year ended June 30, 2023, mainly due to a decrease in contributions from the Commonwealth of approximately \$1 million or 147%.
- Operating expenses for the year ended June 30, 2024 increased by approximately \$1.9 million or 11% when compared to the year ended June 30, 2023, mainly due to an increase in general administration of approximately \$3 million, or 60%, off-set by a decrease in broadcasting and technical expenses of approximately \$1.2 million or 36%.

Overview of the Financial Statements

This MD&A is intended to serve as an introduction to the Corporation's basic financial statements. The Corporation operates the radio, television and electronic communications facilities of the Commonwealth and presents its financial statements using the full accrual basis of accounting. This presentation means that the Corporation's financial information is reported using accounting methods similar to those followed by private sector companies. These financial statements include both short-term and long-term financial information about the financial position and activities of the Corporation.

Required Financial Statements for Business Type Activities

The Corporation's basic financial statements include the statements of net position, statements of revenues, expenses and changes in net position, and statements of cash flows for the years ended June 30, 2024 and 2023.

Puerto Rico Public Broadcasting Corporation
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Management's Discussion and Analysis – (Continued)
(Unaudited)

June 30, 2024 and 2023

To provide our users with a contextual frame of reference, this MD&A includes comparative information from the prior year. The financial statements also include notes that are considered essential for a full understanding of the information that is presented on the face of these statements.

Statement of Net Position

The statement of net position presents information on the Corporation's assets and liabilities with the difference between them reported as net position. This statement provides information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). It also provides the basis for computing rate of returns, evaluating the capital structure of the Corporation, and assessing the liquidity and financial flexibility of the Corporation. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Corporation is improving or deteriorating.

Statement of Revenues, Expenses and Changes in Net Position

The Corporation's revenues and expenses are accounted for in the statement of revenues, expenses and changes in net position. This statement measures the results of the Corporation's operations for each of the years presented and can be used to determine whether the Corporation has successfully recovered all of its costs through operating revenue and non-operating revenue. It provides the users of the financial statements with basic financial information about the profitability and credit worthiness of the Corporation.

Statement of Cash Flows

The primary purpose of the statement of cash flows is to provide information about the Corporation's cash receipts and cash payments during each of the years presented. The statement reports cash receipts, cash payments and net changes in cash resulting from operating; noncapital financing; capital and related financing; and investing activities. This statement also provides the users with information about the sources of the Corporation's cash, what the cash was used for, and by how much the balance of cash changed over the course of each of the years presented.

Notes to the Basic Financial Statements

The notes to the financial statements are an integral part of the basic financial statements and provide expanded explanation and detail regarding the information reported in the statements

Required Supplementary Information

This MD&A represents financial information required to be presented by Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended. Such information provides the users of this report with additional information that supplements the basic financial statements.

Puerto Rico Public Broadcasting Corporation
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Management's Discussion and Analysis – (Continued)
(Unaudited)

June 30, 2024 and 2023

Financial Analysis for the years Ended June 30, 2024 and 2023

The statements of financial position provide information on the Corporation's assets and liabilities, with the difference between them reported as net position. Following is a summary of the statements of net position as of June 30, 2024 and 2023:

	2024	2023	Change	
			In Dollars	Percentage
Assets:				
Current assets	\$ 5,864,095	\$ 9,427,460	\$ (3,563,365)	-37.80%
Non-current assets:				
Capital assets	10,501,103	8,957,835	1,543,268	17.23%
Other	263,069	413,673	(150,604)	-36.41%
Total assets	16,628,267	18,798,968	(2,170,701)	-11.55%
Deferred outflows of resources	2,973,106	9,658,772	(6,685,666)	-69.22%
Total assets and deferred outflows of resources	\$ 19,601,373	\$ 28,457,740	\$ (8,856,367)	-31.12%
Liabilities:				
Current liabilities	\$ 11,012,068	\$ 9,064,650	\$ 1,947,418	21.48%
Non-current liabilities:				
Accrued legal claims	1,680,000	1,680,000	-	0.00%
Lease liabilities	54,719	92,991	(38,272)	-41.16%
Termination benefits	869,374	1,013,453	(144,079)	-14.22%
Compensated absences	511,336	305,086	206,250	67.60%
Total other postemployment benefits	576,896	605,680	(28,784)	-4.75%
Total pension liability	27,573,290	26,842,306	730,984	2.72%
Total liabilities	42,277,683	39,604,166	2,673,517	6.75%
Deferred inflows of resources	568,939	3,601,034	(3,032,095)	-84.20%
Total liabilities and deferred inflows of resources	42,846,622	43,205,200	(358,578)	-0.83%
Net position:				
Net investment in capital assets	10,409,112	8,827,009	1,582,103	17.92%
Restricted	2,886,580	3,667,492	(780,912)	-21.29%
Unrestricted	(36,540,941)	(27,241,961)	(9,298,980)	34.13%
Total net position	(23,245,249)	(14,747,460)	(8,497,789)	57.62%
Total liabilities and net position	\$ 19,601,373	\$ 28,457,740	\$ (8,856,367)	-31.12%

As of June 30, 2024, the net position of the Corporation decreased by approximately \$8.5 million or 58% when compared to June 30, 2023, due to a net decrease of approximately \$9.3 million or 34% in unrestricted net position resulting from the current year operations, the decrease in restricted net position of \$781,000 and the increase in net investment in capital assets of approximately \$1.6 million or 18%.

Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Management's Discussion and Analysis – (Continued)
(Unaudited)

June 30, 2024 and 2023

Following is a summary of the statements of net position as of June 30, 2023 and 2022:

	2023	2022	Change	
			In Dollars	Percentage
Assets:				
Current assets	\$ 9,427,460	\$ 8,587,024	\$ 840,436	9.79%
Non-current assets:				
Capital assets	8,957,835	8,865,740	92,095	1.04%
Other	413,673	375,869	37,804	10.06%
Total assets	18,798,968	17,828,633	970,335	5.44%
Deferred outflows of resources	9,658,772	5,619,412	4,039,360	71.88%
Total assets and deferred outflows of resources	\$ 28,457,740	\$ 23,448,045	\$ 5,009,695	21.37%
Liabilities:				
Current liabilities	\$ 9,064,650	\$ 4,609,317	\$ 4,455,333	96.66%
Non-current liabilities:				
Accrued legal claims	1,680,000	1,680,000	-	0.00%
Lease liabilities	92,991	94,634	(1,643)	-1.74%
Termination benefits	1,013,453	1,175,415	(161,962)	-13.78%
Compensated absences	305,086	301,762	3,324	1.10%
Total other postemployment benefits	605,680	404,685	200,995	49.67%
Total pension liability	26,842,306	23,322,086	3,520,220	15.09%
Total liabilities	39,604,166	31,587,899	8,016,267	25.38%
Deferred inflows of resources	3,601,034	2,005,756	1,595,278	79.53%
Total liabilities and deferred inflows of resources	43,205,200	33,593,655	9,611,545	28.61%
Net position:				
Net investment in capital assets	8,827,009	8,865,740	(38,731)	-0.44%
Restricted	3,667,492	2,505,770	1,161,722	46.36%
Unrestricted deficit	(27,241,961)	(21,517,120)	(5,724,841)	26.61%
Total net position	(14,747,460)	(10,145,610)	(4,601,850)	45.36%
Total liabilities and net position	\$ 28,457,740	\$ 23,448,045	\$ 5,009,695	21.37%

As of June 30, 2023, the net position of the Corporation decreased by approximately \$4.6 million or 45% when compared to June 30, 2022, due to a net decrease of approximately \$5.72 million or 27% in unrestricted net position resulting from the current year operations, the increase in restricted net position of \$1.2 million and the decrease in net investment in capital assets of approximately \$39,000.

Analysis of Current Assets

Current assets represent the sum of cash (restricted and unrestricted), receivables and due from governmental entities. Current assets are important in any financial analysis because it is from current assets that a business funds its ongoing day-to-day operations.

Puerto Rico Public Broadcasting Corporation
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Management's Discussion and Analysis – (Continued)
(Unaudited)

June 30, 2024 and 2023

A comparison of current assets by asset classification as of June 30, 2024 and 2023 is as follows:

	2024	2023	Change	
			In Dollars	Percentage
Cash	\$ 209,104	\$ 252,822	\$ (43,718)	-17.29%
Restricted cash	3,232,286	7,834,825	(4,602,539)	-58.74%
Accounts receivable, net	308,638	268,463	40,175	14.96%
Other receivables	28,958	223,490	(194,532)	-87.04%
Lease receivable	172,641	165,233	7,408	4.48%
Due from governmental entities, net	1,912,468	682,627	1,229,841	180.16%
Total current assets	\$ 5,864,095	\$ 9,427,460	\$ (3,563,365)	-37.80%

The decrease in restricted cash of approximately \$4.6 million or 59% is mainly due to the utilization of federal assistance funds received from the Federal Communications Commission (FCC) Repacking Program in previous years.

Increase in due from government entities of approximately \$1.2 million or 180% is mainly due to an increase in amounts due from the Puerto Rico Department of Education.

A comparison of current assets by asset classification as of June 30, 2023 and 2022 is as follows:

	2023	2022	Change	
			In Dollars	Percentage
Cash	\$ 252,822	\$ 5,255,536	\$ (5,002,714)	-95.19%
Restricted cash	7,834,825	2,549,132	5,285,693	207.35%
Accounts receivable, net	268,463	336,185	(67,722)	-20.14%
Other receivables	223,490	26,152	197,338	754.58%
Lease receivable	165,233	145,029	20,204	13.93%
Due from governmental entities, net	682,627	274,990	407,637	148.24%
Total current assets	\$ 9,427,460	\$ 8,587,024	\$ 840,436	9.79%

The decrease in cash of approximately \$5 million or 95% is mainly due to a reduction in cash received from production projects with the Commonwealth.

Increase in restricted cash of approximately \$5.3 million or 207% is mainly due to unexpended federal assistance funds of approximately \$4.1 million mainly from the FCC Repacking Project and the Federal Emergency Management Agency (FEMA).

Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Management's Discussion and Analysis – (Continued)
(Unaudited)

June 30, 2024 and 2023

Analysis of Non-Current Assets

Non-current assets represent assets that are not reasonably expected to be realized in cash or sold or consumed during the next fiscal year. When making a distinction between whether an asset should be considered current or non-current, liquidity or nearness to cash are not the only considerations for determining the classification; restrictions on the use of the asset must also be considered.

Accordingly, cash investments intended for the liquidation of liabilities due beyond a one-year period are non-current assets, as are assets segregated or restricted for the liquidation of long-term debt (including amounts due within the next operating cycle). Certain assets designated to be used to acquire, construct, or improve capital assets would also be considered non-current.

A comparison of non-current assets as of June 30, 2024 and 2023 by asset classification is as follows:

	2024	2023	Change	
			In Dollars	Percentage
Lease receivables	\$ 250,069	\$ 400,673	\$ (150,604)	-37.59%
Other	13,000	13,000	-	0.00%
Capital assets, net	10,501,103	8,957,835	1,543,268	17.23%
Total non-current assets	<u>\$ 10,764,172</u>	<u>\$ 9,371,508</u>	<u>\$ 1,392,664</u>	<u>14.86%</u>

Total non-current assets at June 30, 2024 increased by approximately \$1.4 million or about 15% when compared to June 30, 2023. Such increase is mainly due to the increase of approximately \$1.5 million or 17% in capital assets.

Capital Assets

At June 30, 2024, the Corporation had an investment in capital assets of approximately \$10.5 million, net of accumulated depreciation and amortization. This amount represents a net increase of approximately \$1.5 million or 17% when compared to June 30, 2023.

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Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Management's Discussion and Analysis – (Continued)
(Unaudited)

June 30, 2024 and 2023

A comparison of net capital assets as of June 30, 2024 and 2023 by asset category is as follows:

Asset Category	2024	2023	Change	
			In Dollars	Percentage
Land	\$ 82,600	\$ 82,600	\$ -	0.00%
Television, radio and other equipment	7,851,582	7,266,062	585,520	8.06%
Building and building improvements	1,293,937	998,428	295,509	29.60%
Motor vehicles	537,020	260,578	276,442	106.09%
Furniture and fixtures	266,168	59,480	206,688	347.49%
Computers	378,426	161,525	216,901	134.28%
Right-to-use lease assets	91,370	129,162	(37,792)	-29.26%
Capital assets, net	<u>\$ 10,501,103</u>	<u>\$ 8,957,835</u>	<u>\$ 1,543,268</u>	<u>17.23%</u>

Increase in net capital assets is mainly due to the following:

- Television, radio and other equipment at June 30, 2024 increased by approximately \$585,000 or 8% when compared to June 30, 2023, mainly due to the net effect of additions of transmission equipment amounting to approximately \$1.9 million, including \$1 million related to the FCC Repacking Program funds, and current year's depreciation expense of approximately \$1.4 million
- Building and building improvements at June 30, 2024 increased by approximately \$295,000 or 30% when compared to June 30, 2023, mainly due to the net effect of additions of approximately \$573,000 and depreciation expense of approximately \$278,000.
- Motor vehicles at June 30, 2024 increased by approximately \$276,000 or 106% when compared to June 30, 2023, mainly due to the net effect of additions of approximately \$303,000 and depreciation expense of approximately \$27,000.

A comparison of non-current assets as of June 30, 2023 and 2022 by asset classification is as follows:

	2023	2022	Change	
			In Dollars	Percentage
Lease receivables	\$ 400,673	\$ 362,869	\$ 37,804	10.42%
Other	13,000	13,000	-	0.00%
Capital assets, net	<u>8,957,835</u>	<u>8,865,740</u>	<u>92,095</u>	<u>1.04%</u>
Total non-current assets	<u>\$ 9,371,508</u>	<u>\$ 9,241,609</u>	<u>\$ 129,899</u>	<u>1.41%</u>

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Management's Discussion and Analysis – (Continued)
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June 30, 2024 and 2023

Total non-current assets at June 30, 2023 increased by approximately \$129,900 or about 1.4% when compared to June 30, 2022. Such increase is mainly due to the increase of approximately \$92,000 or 1% in capital assets.

Capital Assets

At June 30, 2023, the Corporation had an investment in capital assets of approximately \$9 million, net of accumulated depreciation and amortization. This amount represents a net increase of approximately \$92,000 or 1% when compared to June 30, 2022.

A comparison of net capital assets as of June 30, 2023 and 2022 by asset category is as follows:

Asset Category	2023	2022	Change	
			In Dollars	Percentage
Land	\$ 82,600	\$ 82,600	\$ -	0.00%
Television, radio and other equipment	7,266,062	7,496,763	(230,701)	-3.08%
Building and building improvements	998,428	688,297	310,131	45.06%
Motor vehicles	260,578	287,173	(26,595)	-9.26%
Furniture and fixtures	59,480	28,309	31,171	110.11%
Computers	161,525	161,504	21	0.01%
Right-to-use lease assets	129,162	121,094	8,068	6.66%
Capital assets, net	<u>\$ 8,957,835</u>	<u>\$ 8,865,740</u>	<u>\$ 92,095</u>	<u>1.04%</u>

Increase in net capital assets is mainly due to the following:

- Television, radio and other equipment at June 30, 2023 decreased by approximately \$231,000 or 3% when compared to June 30, 2022, mainly due to the net effect of additions of transmission equipment amounting to approximately \$993,000, as part of the Federal Communications Commission (FCC) repacking program funds, and current year's depreciation expense of approximately \$1,223,000.
- Building and building improvements at June 30, 2023 increased by approximately \$310,000 or 45% when compared to June 30, 2022, mainly due to the net effect of additions of approximately \$540,000 and depreciation expense of approximately \$230,000.

Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Management's Discussion and Analysis – (Continued)
(Unaudited)

June 30, 2024 and 2023

Deferred Outflows of Resources

The decrease in deferred outflows of resources of approximately \$6.7 million or 69% as of June 30, 2024 is mainly due to the effect into operations of changes in actuarial assumptions in 2023, principally the amortization of the increase in the Corporation's proportional share of the total pension liability of the Commonwealth recognized in 2023 amounting to \$7.1 million.

The increase in deferred outflows of resources of approximately \$4 million or 72% as of June 30, 2023 is mainly due to changes in actuarial assumptions, including an increase in the Corporation's proportional share of the total pension liability of the Commonwealth of approximately .037% when compared to 2022.

Analysis of Liabilities

In financial accounting, the term liability is defined as an obligation of an entity arising from past transactions or events, which settlement may result in the transfer or use of assets, provision of services or other yielding of economic benefits in the future.

A comparison of liabilities as of June 30, 2024 and 2023 is as follows:

	2024	2023	Change	
			In Dollars	Percentage
Accounts payable	\$ 4,357,058	\$ 2,152,920	\$ 2,204,138	102.38%
Accrued expenses, payroll taxes and withholdings	697,871	712,763	(14,892)	-2.09%
Lease liabilities	92,991	130,826	(37,835)	-28.92%
Termination benefits	1,023,314	1,184,977	(161,663)	-13.64%
Compensated absences	758,933	786,440	(27,507)	-3.50%
Unearned revenues - federal assistance programs	4,148,197	4,148,197	-	0.00%
Accrued legal claims	1,680,000	1,680,000	-	0.00%
Total other postemployment benefits	612,296	641,480	(29,184)	-4.55%
Total pension liability	28,907,023	28,166,563	740,460	2.63%
Total liabilities	\$ 42,277,683	\$ 39,604,166	\$ 2,673,517	6.75%

Accounts payable increased by approximately \$2.2 million or 102% as of June 30, 2024 when compared to June 30, 2023, mainly due the timing of disbursements and increases in payables for: a) utilities, \$700,000; b) insurance, \$200,000; c) security services, \$200,000.

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Management's Discussion and Analysis – (Continued)
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June 30, 2024 and 2023

Termination benefits decreased by approximately \$162,000 or 14% mainly due to current year benefit payments under Act No. 70 of July 2, 2010. Such liability is expected to continue to decrease as the benefits expire upon the participating employees reaching the normal retirement age.

Increase in the total pension liability of \$740,000 or 2.6% is due to the excess of current year accruals over benefits paid for the same amount.

A comparison of liabilities as of June 30, 2023 and 2022 is as follows:

	2023	2022	Change	
			In Dollars	Percentage
Accounts payable	\$ 2,152,920	\$ 2,199,537	\$ (46,617)	-2.12%
Accrued expenses, payroll taxes and withholdings	712,763	454,839	257,924	56.71%
Lease liabilities	130,826	121,447	9,379	7.72%
Termination benefits	1,184,977	1,369,820	(184,843)	-13.49%
Compensated absences	786,440	795,752	(9,312)	-1.17%
Unearned revenues - federal assistance programs	4,148,197	-	4,148,197	100.00%
Accrued legal claims	1,680,000	1,680,000	-	0.00%
Total other postemployment benefits	641,480	441,685	199,795	45.23%
Total pension liability	28,166,563	24,524,819	3,641,744	14.85%
Total liabilities	\$ 39,604,166	\$ 31,587,899	\$ 8,016,267	25.38%

Accrued expenses, payroll taxes and withholding increase by approximately \$258,000 or 57% mainly due to the recognition of utilities' invoices payable at the end of the year.

Termination benefits decreased by approximately \$185,000 or 13% mainly due to current year benefit payments under Act No. 70 of July 2, 2010.

Unearned revenues - federal financial assistance of approximately \$4.1 million at June 30, 2023 represents unexpended federal funds received during 2023 under the FCC repacking project (\$2 million) and disaster recovery assistance from FEMA (\$2.1 million).

Increase in the total pension liability of \$3.6 million or 15% is mainly due to changes in the actuarial assumptions used to determine the total pension liability under the PayGo system, as provided by Act No. 106, including an increase in the Corporation's proportional share of the total pension liability of the Commonwealth of approximately .037% when compared to 2022.

Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Management's Discussion and Analysis – (Continued)
(Unaudited)

June 30, 2024 and 2023

Deferred Inflows of Resources

The decrease in deferred inflows of resources of approximately \$3 million or 84% is mainly due to the effect into operations of changes in the actuarial assumptions used to determine the total pension liability recognized in 2023.

The increase in deferred inflows of resources of approximately \$1.6 million or 80% is mainly due to changes in the actuarial assumptions used to determine the total pension liability.

Statements of Revenues, Expenses and Change in Net Position

The change in net position is an indicator of whether the overall fiscal condition of a government component unit has improved or worsened during the years. Following is a summary of the statements of revenues, expenses and changes in net position for the years ended June 30, 2024 and 2023:

	2024	2023	Change	
			In Dollars	Percentage
Operating revenues:				
Sponsoring services	\$ 1,193,425	\$ 804,364	\$ 389,061	48.37%
Production services	5,777,014	6,741,098	(964,084)	-14.30%
Other	332,172	287,875	44,297	15.39%
Total operating revenues	7,302,611	7,833,337	(530,726)	-6.78%
Non-operating revenue (expense):				
Contributions from Corporation for Public Broadcasting	640,544	735,743	(95,199)	-12.94%
Contributions from the Commonwealth of Puerto Rico	693,756	1,713,828	(1,020,072)	-59.52%
Federal financial assistance	1,629,418	1,932,692	(303,274)	-15.69%
Interest and other income	96,446	113,290	(16,844)	-14.87%
Interest expense	(1,304)	(1,736)	432	-24.88%
Total non-operating revenue	3,058,860	4,493,817	(1,434,957)	-31.93%
Operating expenses:				
Broadcasting and technical	2,247,215	3,495,033	(1,247,818)	-35.70%
Programming and production	6,704,334	6,769,856	(65,522)	-0.97%
General administration	8,156,579	5,111,641	3,044,938	59.57%
Depreciation and amortization	1,751,132	1,552,474	198,658	12.80%
Total operating expenses	18,859,260	16,929,004	1,930,256	11.40%
Change in net position	(8,497,789)	(4,601,850)	(3,895,939)	84.66%
Net position, at beginning of year	(14,747,460)	(10,145,610)	(4,601,850)	45.36%
Net position, at end of year	\$ (23,245,249)	\$ (14,747,460)	\$ (8,497,789)	57.62%

Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Management's Discussion and Analysis – (Continued)
(Unaudited)

June 30, 2024 and 2023

Revenues

Operating revenues decreased by approximately \$530,000 or 7%, from \$7.8 million in 2023 to \$7.3 million in 2024, mainly due to a decrease of approximately \$964,000, or 14%, in production services mainly as a result of a decrease in governmental contracts.

Non-operating revenue decrease by approximately \$1.4 or 32%, from \$4.5 million in 2023 to \$3.1 million in 2024, mainly due the following:

- Contributions from the Commonwealth of Puerto Rico decreased by approximately \$1 million or 59.5%, from \$1.7 million in 2023 to \$693,000 in 2024, mainly due to a special bonus granted to the Corporation's employees in 2023.
- Federal financial assistance decreased by approximately \$303,000 or 16%, from \$1.9 million in 2023 to \$1.6 million in 2024, mainly due to an decrease in funds received and expended under the FCC repacking project.

Expenses

Total operating expenses for the year ended June 30, 2024 increased by approximately \$1.9 million or 11%, from \$16.93 million in 2023 to \$18.86 million in 2024, mainly due to the following:

- Increase in general administration expense of \$3 million is substantially all related to the annual pension expense. Such increase is mainly due to the effect into operations of changes in assumptions recognized in 2023.
- Decrease in broadcasting and technical expenses of \$1.2 million, or 36% mainly due to the decrease in production services.

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Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Management's Discussion and Analysis – (Continued)
(Unaudited)

June 30, 2024 and 2023

Following is a summary of the statements of revenues, expenses and changes in net position for the years ended June 30, 2023 and 2022:

	2023	2022	Change	
			In Dollars	Percentage
Operating revenues:				
Sponsoring services	\$ 804,364	\$ 702,269	\$ 102,095	14.54%
Production services	6,741,098	7,208,995	(467,897)	-6.49%
Other	287,875	285,681	2,194	0.77%
Total operating revenues	7,833,337	8,196,945	(363,608)	-4.44%
Non-operating revenue (expense):				
Contributions from Corporation for Public Broadcasting	735,743	1,497,236	(761,493)	-50.86%
Contributions from the Commonwealth of Puerto Rico	1,713,828	650,805	1,063,023	163.34%
Federal financial assistance	1,932,692	1,276,330	656,362	51.43%
Interest and other income	113,290	19,873	93,417	470.07%
Interest expense	(1,736)	(798)	(938)	117.54%
Total non-operating revenue	4,493,817	3,443,446	1,050,371	30.50%
Operating expenses:				
Broadcasting and technical	3,495,033	2,820,841	674,192	23.90%
Programming and production	6,769,856	8,399,562	(1,629,706)	-19.40%
General administration	5,111,641	3,402,908	1,708,733	50.21%
Depreciation and amortization	1,552,474	1,248,874	303,600	24.31%
Total operating expenses	16,929,004	15,872,185	1,056,819	6.66%
Change in net position	(4,601,850)	(4,231,794)	(370,056)	8.74%
Net position, at beginning of year	(10,145,610)	(5,913,816)	(4,231,794)	71.56%
Net position, at end of year	\$ (14,747,460)	\$ (10,145,610)	\$ (4,601,850)	45.36%

Revenues

Operating revenues decreased by approximately \$364,000 or 4%, from \$8.2 million in 2022 to \$7.8 million in 2023, mainly due to a decrease of approximately \$468,000, or 6.5%, in production services mainly as a result of a decrease in special projects, particularly from the termination of contracts with the Commonwealth related to COVID-19.

Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Management's Discussion and Analysis – (Continued)
(Unaudited)

June 30, 2024 and 2023

Non-operating revenue increased by approximately \$1.1 or 30.5%, from \$3.4 million in 2022 to \$4.5 million in 2023, mainly due the following:

- Contributions from the Corporation for Public Broadcasting (CPB) decreased by approximately \$761,000 or 51%, from \$1.5 million in 2022 to \$736,000 in 2023. On an annual basis, the CPB determines the funds to be provided to the Corporation based on their budget and internal criteria.
- Contributions from the Commonwealth of Puerto Rico increased by approximately \$1.1 million or 163%, from \$651,000 in 2022 to \$1.7 million in 2023, due to special funds granted from the Central Government as part of the Legislative Resolution 415 under which a bonus was granted to most of the Corporation's employees as a result of an excess of revenues over expenditures in the Commonwealth.
- Federal financial assistance increased by approximately \$656,000 or 51%, from \$1.3 million in 2022 to \$1.9 million in 2023, mainly due to an increase in funds received and expended during 2023 under the FCC repacking project.

Expenses

Total operating expenses for the year ended June 30, 2023 increased by approximately \$1 million or 7%, from \$15.9 million in 2022 to \$16.9 million in 2023, mainly due to the following:

- Increase in general administration expense of \$1.7 million, principally related to the annual pension expense under the PayGo system, as provided by Act No. 106.
- Increase in broadcasting and technical expenses of \$674,000, or 24%.
- Decrease in programming and production expenses of \$1.6 million, mainly due to the termination of the COVID-19 projects with the Commonwealth.

Currently Known Facts

On June 30, 2016, the Puerto Rico Oversight, Management, and Economic Stability Act, 48 U.S.C. § 2101, *et seq.* (PROMESA or the Act) was enacted into law. This Act established the Financial Oversight and Management Board for Puerto Rico (the Oversight Board) to oversee the finances of the Commonwealth and its efforts to achieve fiscal responsibility and obtain access to capital markets. As part of the recommendations made by the Oversight Board to improve the Commonwealth's finances, the Corporation was to commence a privatization process.

Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Management's Discussion and Analysis – (Continued)
(Unaudited)

June 30, 2024 and 2023

The privatization plan will be implemented by transferring the Corporation's assets to a transitional not-for-profit entity that will ensure the continuity of services until the creation of a permanent, private organization.

In connection with such privatization plan, on June 18, 2020, the Puerto Rico House of Representatives (the House) filed House Bill 2564 to pass the "Law to Authorize the Transfer of the Assets of the Puerto Rico Corporation for Public Broadcasting to a Non-Profit Organization" (the Law) and was referred the same day to the Government and Education, Arts and Culture Committees of the House for evaluation. As of the date the financial statements were available to be issued, there has been no further activity on this bill.

Similarly, on June 19, 2020, the Puerto Rico Senate (the Senate) filed Senate Bill 1640 to pass the Law and was referred on June 30, 2020 to the Senate Rules and Calendar Committee of the Senate for evaluation. As of the date the financial statements were available to be issued, there has been no further activity on this bill.

Request for Information

This financial report is designed to provide a general overview of the Corporation's finances for all those individuals having an interest in the Corporation's operations and financial condition. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Corporation's Finance Office at 570 Hostos Avenue, Baldrich, San Juan, PR or call at 787-764-2036.

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Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Statements of Net Position

June 30, 2024 and 2023

	Assets	
	2024	2023
Current assets:		
Cash	\$ 209,104	\$ 252,822
Restricted cash	3,232,286	7,834,825
Accounts receivable:		
Trade, net of allowance for doubtful accounts of \$411,742 in 2024 and \$369,218 in 2023	308,638	268,463
Other receivables	28,958	223,490
Lease receivables	172,641	165,233
Due from governmental entities, net of allowance for doubtful accounts of \$431,203 in 2024 and \$409,754 in 2023	1,912,468	682,627
Total current assets	5,864,095	9,427,460
Non-current assets:		
Lease receivables	250,069	400,673
Other assets	13,000	13,000
Capital assets, net of accumulated depreciation and amortization	F/S-39 10,501,103	8,957,835
Total assets	16,628,267	18,798,968
Deferred outflows of resources:		
Pension	2,937,706	9,622,972
Other postemployment benefits	35,400	35,800
Total deferred outflows of resources	2,973,106	9,658,772
Total assets and deferred outflows of resources	\$ 19,601,373	\$ 28,457,740

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(Continue)

Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Statements of Net Position - (Continued)

June 30, 2024 and 2023

Liabilities	2024	2023
Current liabilities:		
Accounts payable	\$ 4,357,058	\$ 2,152,920
Accrued expenses, payroll taxes and withholdings	697,871	712,763
Lease liabilities	38,272	37,835
Unearned revenues - federal financial assistance	4,148,197	4,148,197
Termination benefits accrual	CU-14 153,940	171,524
Compensated absences	247,597	481,354
Total other postemployment benefits	35,400	35,800
Total pension liability	<u>1,333,733</u>	<u>1,324,257</u>
Total current liabilities	<u>11,012,068</u>	<u>9,064,650</u>
Non-current liabilities:		
Accrued legal claims	1,680,000	1,680,000
Lease liabilities	54,719	92,991
Termination benefits accrual	CU-14 869,374	1,013,453
Compensated absences	511,336	305,086
Total other postemployment benefits	576,896	605,680
Total pension liability	<u>27,573,290</u>	<u>26,842,306</u>
Total non-current liabilities	<u>31,265,615</u>	<u>30,539,516</u>
Total liabilities	<u>42,277,683</u>	<u>39,604,166</u>
Deferred inflows of resources:		
Pension	180,286	3,057,118
Leases	<u>388,653</u>	<u>543,916</u>
Total deferred inflows of resources	<u>568,939</u>	<u>3,601,034</u>
Total liabilities and deferred inflows of resources	<u>42,846,622</u>	<u>43,205,200</u>
Net Position		
Net investment in capital assets	10,409,112	8,827,009
Restricted	2,886,580	3,667,492
Unrestricted deficit	<u>(36,540,941)</u>	<u>(27,241,961)</u>
Total net position	<u>(23,245,249)</u>	<u>(14,747,460)</u>
Total liabilities and net position	<u>\$ 19,601,373</u>	<u>\$ 28,457,740</u>

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

Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Statements of Revenues, Expenses and Changes in Net Position

Years Ended June 30, 2024 and 2023

	2024	2023
Operating revenues:		
Sponsoring services	\$ 1,193,425	\$ 804,364
Production services	5,777,014	6,741,098
Other	332,172	287,875
Total operating revenues	7,302,611	7,833,337
Operating expenses:		
Broadcasting and technical	2,247,215	3,495,033
Programming and production	6,704,334	6,769,856
General administration	8,156,579	5,111,641
Depreciation and amortization	1,751,132	1,552,474
Total operating expenses	18,859,260	16,929,004
Loss from operations	(11,556,649)	(9,095,667)
Non-operating revenues (expense):		
Contributions from the Corporation for Public Broadcasting	640,544	735,743
Contributions from the Commonwealth of Puerto Rico	693,756	1,713,828
Federal financial assistance	1,629,418	1,932,692
Interest and other income	96,446	113,290
Interest expense	(1,304)	(1,736)
Non-operating revenues, net	3,058,860	4,493,817
Change in net position	(8,497,789)	(4,601,850)
Net position, beginning of year,	(14,747,460)	(10,145,610)
Net position, end of year	\$ (23,245,249)	\$ (14,747,460)



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

Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Statements of Cash Flows

Years Ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Receipts from customers	\$ 5,372,415	\$ 7,077,699
Payments to suppliers and contractors	(3,733,762)	(8,129,570)
Payments to employees	<u>(6,011,535)</u>	<u>(5,671,974)</u>
Net cash used in operating activities	<u>(4,372,882)</u>	<u>(6,723,845)</u>
Cash flows from non-capital financing activities:		
Contributions from the Corporation for Public Broadcasting	640,544	735,743
Contributions from the Commonwealth of Puerto Rico	693,756	1,713,828
Federal financial assistance	<u>1,629,418</u>	<u>6,080,889</u>
Net cash provided by non-capital financing activities	<u>2,963,718</u>	<u>8,530,460</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(3,294,400)	(1,598,709)
Payment of lease liabilities, including interest of \$1,304 in 2024 and \$1,736 in 2023	<u>(39,139)</u>	<u>(38,217)</u>
Net used in capital and related financing activities	<u>(3,333,539)</u>	<u>(1,636,926)</u>
Cash flows from investing activities -		
Interest and other income received	<u>96,446</u>	<u>113,290</u>
Net cash change in cash and restricted cash	(4,646,257)	282,979
Cash and restricted cash, beginning of year	<u>8,087,647</u>	<u>7,804,668</u>
Cash and restricted cash, end of year	<u>\$ 3,441,390</u>	<u>\$ 8,087,647</u>
Reconciliation of cash and restricted cash to the statement of net position:		
Cash	\$ 209,104	\$ 252,822
Restricted cash	<u>3,232,286</u>	<u>7,834,825</u>
Total cash and restricted cash	<u>\$ 3,441,390</u>	<u>\$ 8,087,647</u>

(Continue)

Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Statements of Cash Flows - (Continued)

Years Ended June 30, 2024 and 2023

	2024	2023
Reconciliation of loss from operations to net cash used in operating activities:		
Loss from operations	\$ (11,556,649)	\$ (9,095,667)
Adjustments to reconcile loss from operations to net cash used in operating activities		
Depreciation and amortization	1,751,132	1,552,474
Provision for doubtful accounts	842,645	207,080
Changes in operating assets and liabilities:		
Accounts receivable	(82,699)	67,722
Other receivables	194,532	(197,338)
Lease receivables	143,196	184,220
Due from governmental entities	(2,029,962)	(614,717)
Deferred outflows of resources	6,685,666	(4,039,360)
Accounts payable	2,204,138	(46,617)
Accrued expenses, payroll taxes and withholdings	(14,892)	257,924
Termination benefits accrual	(161,663)	(184,843)
Compensated absences	(27,507)	(9,312)
Other postemployment benefits - liability	(29,184)	199,795
Pension liability	740,460	3,641,744
Deferred inflows of resources	(3,032,095)	1,353,050
Total adjustments	7,183,767	2,371,822
Net cash used in operating activities	\$ (4,372,882)	\$ (6,723,845)
Non-cash financing transactions -		
Right-to-use assets in exchange for lease liabilities	\$ -	\$ 45,860

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

Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Notes to Basic Financial Statements

June 30, 2024 and 2023

Note 1 - Organization

The Puerto Rico Public Broadcasting Corporation (the Corporation) was created on January 21, 1987 by Act No. 7 for the purpose of integrating, developing and operating the radio, television and electronic communication facilities of the Commonwealth of Puerto Rico (the Commonwealth). The Corporation is a component unit of the Commonwealth as per Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and GASB No. 39, *Determining Whether Certain Organizations Are Components Units*, as amended by GASB No. 61. On September 12, 1996, the Legislative Assembly of the Commonwealth approved Act No. 216. This Act created and transferred all existing assets and broadcasting facilities from a subsidiary of the Puerto Rico Telephone Authority to the Corporation. On December 13, 1996, the Federal Communications Commission (FCC) approved the transfer.

The Corporation is governed by an eleven-member Board of Directors, which is comprised of the Secretary of the Department of Education of the Commonwealth, the President of the University of Puerto Rico, the Executive Director of the Institute for Puerto Rican Culture, five others are leaders from different governmental agencies, and three private citizens, appointed by the Governor of Puerto Rico, with the advice and consent of the Senate. At least three of these members must have proven interest, knowledge, and experience in education, culture, art, science, or radio and television.

The Corporation is required under existing laws to use its broadcasting facilities exclusively for educational, cultural and public interest purposes, and not for private purposes, partisan politics or sectarian propaganda.

The Corporation operates with funding sources through appropriations from the Commonwealth, grants from the Corporation for Public Broadcasting (CPB), and funds internally generated. It is the policy of the Commonwealth to annually appropriate financial resources to cover the operations of the Corporation. These appropriations are dependent on the availability of funds from the Commonwealth's annual budget.

The Act creating the Corporation exempts it from all taxes levied on its properties or revenues by the laws of the Commonwealth and its municipalities.

The Corporation operates the following television and radio stations:

<u>San Juan (WIPFR)</u>	<u>Mayagüez (WIPM)</u>
WIPR (6.1)	WIPM (3.1)
Kids TV (6.3)	Kids TV (3.3)
FM Allegro (91.3)	
AM (940)	

Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Notes to Basic Financial Statements – (Continued)

June 30, 2024 and 2023

Note 1 - Organization – (continued)

On June 30, 2016, the Puerto Rico Oversight, Management, and Economic Stability Act, 48 U.S.C. § 2101. et seq. (PROMESA or the Act) was enacted into law. This Act established the Financial Oversight and Management Board for Puerto Rico (the Oversight Board) to oversee the finances of the Commonwealth and its efforts to achieve fiscal responsibility and obtain access to capital markets. As part of the recommendations made by the Oversight Board to improve the Commonwealth's finances, the Corporation is to commence a privatization process to provide for increased growth opportunities, enhance its programming offering, and to reduce the Commonwealth's future spending. As part of this privatization plan, the Corporation is committed to increasing revenues, control costs and becoming self-sufficient.

Such privatization plan will be implemented by transferring the Corporation's assets to a transitional not-for-profit entity that will ensure the continuity of services until the creation of a permanent, private organization.

Note 2 - Summary of significant accounting policies

Basis of Accounting

The financial statements are presented as an enterprise fund prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for governments, as prescribed by the GASB. Accordingly, revenues are recorded when earned and expenses are recorded when a liability is incurred or an economic asset is used, regardless of the timing of the related cash flows.

Grants and similar items resources are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The Corporation accounts for its operations in a manner similar to private business enterprises.

The Corporation distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods and/or services in connection with the Corporation's principal on-going operations. Operating revenues are charges to customers for sponsoring services, public broadcasting and the production of program material for distribution. Operating expenses include cost of services, general administration expenses, depreciation and amortization, and bad debt expenses.

Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Notes to Basic Financial Statements – (Continued)

June 30, 2024 and 2023

Note 2 - Summary of significant accounting policies – (continued)

Basis of Accounting – (continued)

All other revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses, such as grant revenues associated with, or restricted by donors to use for, capital improvements, and revenues and expenses that result from financing and investing activities.

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less. There were no cash equivalents as of June 30, 2024 and 2023.

Accounts Receivable

Accounts receivable are stated at their net realizable value. The Corporation provides for estimated losses on accounts receivables, upon an evaluation of the risk characteristics, loss experience, economic conditions and other pertinent factors. Accounts receivable deemed to be uncollectible are charged off against the allowance for doubtful accounts and recoveries are taken into income. In accordance with GASB standards, the Corporation's revenues are presented net of bad debt expense.

Capital Assets

Capital assets are reported as a component of non-current assets in the basic financial statements. Capital assets are generally defined by the Corporation as being those assets with an individual cost of more than \$200 and an estimated useful life in excess of 12 months. Such assets are recorded at historical cost or estimated historical cost, when constructed.

Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Notes to Basic Financial Statements – (Continued)

June 30, 2024 and 2023

Note 2 - Summary of significant accounting policies – (continued)

Capital Assets – (continued)

Certain capital assets were valued at estimated historical costs with the assistance provided by independent outside appraisers. Donated capital assets are recorded at the estimated fair market value of the assets at the date of donation. The cost of normal maintenance and repairs that do not increase the capacity or efficiency of an asset or extend its useful life beyond the original estimate, are charged to operations as incurred.

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

<u>Capital assets</u>	<u>Years</u>
Building and building improvements	3-20
Television and other equipment	3-10
Furniture and fixtures	5-10
Motor vehicles	5-10

GASB No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, addresses accounting and financial reporting principles for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The scope of this statement excludes pollution prevention or control obligations with respect to current obligations, and future pollution activities that are required upon retirement of an asset, such as post-closure care.

As of June 30, 2024 and 2023, management evaluated its responsibilities for environmental and pollution exposures and no contingency exposure was identified.

Impairment of Long-Lived Assets

GASB No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, establishes accounting and financial reporting standards for the impairment of capital assets. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. GASB 42 also clarifies and establishes accounting requirements for insurance recoveries. No impairment charges were recorded during the years ended June 30, 2024 and 2023.

Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Notes to Basic Financial Statements – (Continued)

June 30, 2024 and 2023

Note 2 - Summary of significant accounting policies – (continued)

Leases

Lessee

The Corporation accounts for leases pursuant to the provisions of GASB No. 87, *Leases*. In accordance with GASB 87, a lease liability and an intangible right-to-use lease asset are recognized in the financial statements by a lessee for all leases, except for short-term leases. At the commencement of each lease, the lease liability is measured at the present value of payments expected to be made during the lease term.

The right-to-use lease assets are measured as the initial amount of the individual lease liabilities, adjusted for lease payments made at or before the lease commencement dates, plus certain initial direct costs, if any. Subsequently, the lease liability is reduced as payments are made and an outflow of resources is recognized for interest on the liability. The right-to-use lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful lives of the underlying assets.

Key estimates and judgments related to leases include how the Corporation determines the discount rate it uses to discount the expected lease payments to present value, lease term, and lease payments, as follows:

- The interest rate charged by the lessor is used as the discount rate. When such interest rate is not provided, the Corporation uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease terms include the noncancelable period and option years that the Corporation is reasonably certain to exercise.
- Lease payments included in the measurement of lease liabilities consist of fixed payments and any termination fees, residual value guarantees and/or purchase option prices that the Corporation is reasonably certain to exercise.

The Corporation monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liabilities.

Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Notes to Basic Financial Statements – (Continued)

June 30, 2024 and 2023

Note 2 - Summary of significant accounting policies – (continued)

Leases – (continued)

Lessor

Pursuant to GASB 87, the Corporation, as a lessor, accounts for short-term leases, based on the provisions of the lease contracts. For all other leases, the Corporation recognizes lease receivables and deferred inflows of resources in the financial statements. At the commencement of the leases, the lease receivables are measured at the present value of payments expected to be received during the lease term. Subsequently, the lease receivables are reduced by the principal portion of lease payments received.

The deferred inflows of resources are initially measured as the amounts of the lease receivables, adjusted for lease payments received at or before the lease commencement dates. Subsequently, the deferred inflows of resources are recognized as revenue over the lease term.

The key estimates and judgements related to lease receivables include how the Corporation determines the discount rate used to discount the expected lease receipts to present value, lease terms, and lease payments to be received, as follows:

- The Corporation uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease terms include the noncancellable periods of the leases.
- Lease receipts included in the measurement of lease receivables consist of fixed payments to be received from lessees.

The Corporation monitors changes in circumstances that would require a remeasurement of its leases and will remeasure lease receivables if certain changes occur that are expected to significantly affect the amount of lease receivables.

Compensated Absences

The vacation and sick leave policy of the Corporation provides for the accrual of fifteen (15) days of vacation and eighteen (18) days of sick leave annually, in accordance with Law No. 26 of April 29, 2017. Also, for any employee hired after February 4, 2017, the accrual is reduced to fifteen (15) days of vacation and twelve (12) days of sick leave annually. Compensated absences are accrued as earned by the employees.

Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Notes to Basic Financial Statements – (Continued)

June 30, 2024 and 2023

Note 2 - Summary of significant accounting policies – (continued)

Compensated Absences – (continued)

As per Law No. 26 of April 29, 2017, the employees of the Corporation can accumulate up to a maximum of 60 vacation days at the end of each calendar year. In addition, as per Law No. 26 of 2017, no accrual is recognized for sick leave at the end of the year.

The activity of compensated absences for the years ended June 30, 2024 and 2023 was as follows:

2024				
Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
\$ 786,440	\$ 274,962	\$ (302,469)	\$ 758,933	\$ 247,597
2023				
Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
\$ 795,752	\$ 355,208	\$ (364,520)	\$ 786,440	\$ 481,354

Termination Benefits

The Corporation accounts for termination benefits in accordance with GASB No. 47, *Accounting for Termination Benefits*, which states that employers should recognize a liability and expense for voluntary termination benefits when the offer is accepted, and the amount can be estimated. A liability and expense for involuntary termination benefits should be recognized when a plan of termination has been approved by those with the authority to commit the government to the plan, the plan has been communicated to the employees, and the amount can be estimated.

Pension Benefits

The Corporation is a participant in the Commonwealth of Puerto Rico Employees Retirement System (the Pension Plan), a multiemployer retirement plan. The Corporation accounts for the Pension Plan under the provisions of GASB No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68, an amendment to Certain Provisions of GASB Statements No. 67 and 68*.

Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Notes to Basic Financial Statements – (Continued)

June 30, 2024 and 2023

Note 2 - Summary of significant accounting policies – (continued)

Pension Benefits – (continued)

Pursuant to the provisions of GASB 73, the Corporation recognizes a pension liability for its proportionate share of the collective pension liability under the Pension Plan, as well as its proportionate share of the collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The Corporation's allocation percentage is based on the ratio of the Corporation's benefit payments to total benefit payments under the Pension Plan.

Changes in the total pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in the total pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the average of the remaining service life of all participants, including retirees, in the Pension Plan and recorded as a component of pension expense beginning in the period in which they arose.

The Corporation also participates in the Commonwealth's postemployment benefits other than pensions plan (the OPEB Plan). The Corporation accounts for postemployment benefits under the OPEB Plan in accordance with the provisions of GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense.

For defined benefit OPEB, GASB identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Deferred Outflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section of deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources as of June 30, 2024 and 2023 relate to the Corporation's participation in the Pension Plan and the OPEB Plan.

Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Notes to Basic Financial Statements – (Continued)

June 30, 2024 and 2023

Note 2 - Summary of significant accounting policies – (continued)

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section of deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resource (revenue) until then. Deferred inflows of resources as of June 30, 2024 and 2023 relate to the Corporation's lease receivables and for its participation in the Pension Plan.

Net Position

The Corporation's financial statements are presented in conformity with provisions of the GASB No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. As required by GASB 63, the Corporation has classified its net position into three components: net investment in capital assets, restricted, and unrestricted.

These classifications of net position are defined as follows:

- Net investment in Capital Assets - This component consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent proceeds at year end, the portion attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Instead, the portion of the debt is included in the same net position component as the unspent proceeds.
- Restricted - This component consists of constraints placed on the Corporation's net position through external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments. This component would also include constraints imposed by law through constitutional provisions or enabling legislation.

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Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Notes to Basic Financial Statements – (Continued)

June 30, 2024 and 2023

Note 2 - Summary of significant accounting policies – (continued)

Net Position – (continued)

A description of the Corporation’s restricted net position and related restrictions and balances as of June 30, 2024 and 2023, are as follows:

Type of Restriction	2024	2023
TV Dramatic Project (Lucy Boscana)	\$ 152,190	\$ 149,173
Banda de Conciertos de Puerto Rico	61,725	214,528
FCC funds	24,282	1,930,776
FEMA grants	1,411,341	21,916
Corporation for Public Broadcasting (CPB)	966,698	1,351,099
Archivo Historico/ Noticias Fondos ARPA	151,436	-
Taller Actores-ARPA	118,908	-
Total restricted net position	\$ 2,886,580	\$ 3,667,492

- Unrestricted - This component consists of the net position that does not meet the definition of restricted or net investment in capital assets. Generally, this represents those financial resources that are available to the Corporation to meet any future obligations that might arise.

Contributions and Other Support

The Corporation receives annual distributions from the CPB, which are considered voluntary nonexchange transactions and reported as operating revenues in the statements of revenues, expenses and changes in net position. CPB is a private, not-for-profit organization responsible for funding more than 1,000 television and radio stations.

CPB distributes annual Community Service Grants (CSG) to qualifying public broadcasting entities. CSGs are used to augment the financial resources of public broadcasting entities and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal years as described in the Communications Act, *47 United States Code Annotated, Section 396(k)(7)*. In any event, each grant must be expended within two years of the initial grant authorization. According to the Communications Act, funds may be used at the discretion of recipients for purposes relating primarily to production and acquisition of programming.

Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Notes to Basic Financial Statements – (Continued)

June 30, 2024 and 2023

Note 2 - Summary of significant accounting policies – (continued)

Contributions and Other Support – (continued)

Certain general provisions must be satisfied in connection with the application for and use of the grants to maintain eligibility and meet certain requirements. These general provisions pertain to the use of grants funds, record keeping, audits, financial reporting, mailing lists, and licensee status with the FCC.

The Corporation also receives contributions from the Commonwealth, which are recorded in the year in which the funds are available to the Corporation and all eligibility requirements, including time restrictions, have been met. When their use is restricted for the acquisition or construction of capital assets and related studies, they are recorded as capital contributions.

During the years ended June 30, 2024 and 2023, the Corporation received \$24,282 and \$3,921,369, respectively, from the FCC in connection with the repacking program for broadband television spectrum reorganization of which \$1,988,677 remained unexpended as of June 30, 2024 and 2023, and are included as part of unearned revenues – federal financial assistance in the accompanying statements of net position.

In addition, during the years ended June 30, 2024 and 2023, the Corporation received funds from the Federal Emergency Management Agency (FEMA) amounting to \$1,411,636 and \$2,159,520, respectively. These funds were allocated to the Corporation to cover for certain natural disaster losses incurred over the years. As of June 30, 2024 and 2023, unexpended funds from FEMA amounted to \$2,159,520, which are also included as part of unearned revenues – federal financial assistance in the accompanying statements of net position.

Also, during the year ended June 30, 2024, the Corporation received funds from the Local Assistance and Tribal Consistency Fund amounting to \$193,500. These funds were used to acquire certain vehicles.

Other Nonexchange Transactions - Trade and Barter

In accordance with the provisions of GASB No. 62, *Codification of Accounting and Financial Reporting Guidance*, the Corporation recognizes trade and barter transactions as revenue and expense based on the estimated fair value of goods and services received or the recorded amount of the nonmonetary asset transferred from the Corporation, if neither the fair value of the nonmonetary asset transferred nor the fair value of the nonmonetary asset received in exchange is determinable within reasonable limits.

Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Notes to Basic Financial Statements – (Continued)

June 30, 2024 and 2023

Note 2 - Summary of significant accounting policies – (continued)

Other Nonexchange Transactions - Trade and Barter – (continued)

During the years ended June 30, 2024 and 2023, the Corporation recorded trade and barter transactions amounting to \$184,757 and \$114,172, respectively, which are included as part of sponsorship services revenues and programming and production, and general administration expenses in the accompanying statements of revenues, expenses and changes in net position.

Advertising Costs

Advertising costs are expensed in the period in which they are incurred. During the years ended June 30, 2024 and 2023, the Corporation incurred in advertising costs amounting to \$298,195 and \$283,772, respectively, which are included as part of broadcasting and technical, programming and production, and general administration expenses in the accompanying statements of revenues, expenses, and changes in net position.

New accounting standards adopted

The following accounting standards were effective in fiscal year 2024:

- GASB Statement No. 99, Omnibus 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature. The majority of the practice issues addressed by this Statement were effective in previous years, except for those related to the classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.

The adoption of this Statement's requirements did not have an effect on the Corporation's basic financial statements.

- GASB Statement No. 100, *Accounting Changes and Error Corrections—an Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023.

The adoption of this Statement's requirements did not have an effect on the Corporation's basic financial statements.

Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Notes to Basic Financial Statements – (Continued)

June 30, 2024 and 2023

Note 2 - Summary of significant accounting policies – (continued)

Future adoption of accounting standards

- GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to update the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

Management is in the process of evaluating the impact this Statement may have on the Corporation's basic financial statements.

- GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

Management is in the process of evaluating the impact this Statement may have on the Corporation's basic financial statements.

- GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability, including the following:
 - Management's discussion and analysis
 - Unusual or infrequent items
 - Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position
 - Major component unit information
 - Budgetary comparison information

This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Notes to Basic Financial Statements – (Continued)

June 30, 2024 and 2023

Note 2 - Summary of significant accounting policies – (continued)

New accounting standards adopted – (continued)

Management is in the process of evaluating the impact this Statement may have on the Corporation’s basic financial statements.

- GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Management is in the process of evaluating the impact this Statement may have on the Corporation’s basic financial statements.

Note 3 - Cash deposits

The carrying amount of the Corporation's cash deposits at June 30, 2024 and 2023 consists of:

	2024		2023	
	Cash on Deposit	Bank Balance	Cash on Deposit	Bank Balance
Unrestricted cash	\$ 209,104	\$ 256,193	\$ 252,822	\$ 356,709
Restricted cash	3,232,286	3,233,898	7,834,825	7,980,960
Total	\$ 3,441,390	\$ 3,490,091	\$ 8,087,647	\$ 8,337,669

CU-4 →

Custodial credit risk is the risk that, in an event of a bank failure, the Corporation's deposit might not be recovered. Commonwealth's regulations require domestic commercial banks to maintain collateral securities pledged for the security of public deposits at an amount not less than 100% of the amounts in excess of federal insurance coverage. All securities pledged as collateral are held by the Secretary of the Treasury of the Commonwealth (the Treasury Department).

Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Notes to Basic Financial Statements – (Continued)

June 30, 2024 and 2023

Note 3 - Cash deposits – (continued)

As of June 30, 2024 and 2023, the Corporation's carrying amount of bank demand deposits was \$3,441,390 and \$8,087,647, respectively. The bank balances for all demand deposit accounts amounted to \$3,490,091 and \$8,337,669 as of June 30, 2024 and 2023, respectively. Bank balances are insured by the Federal Deposit Insurance Corporation for up to \$250,000 per financial institution. The Corporation maintained all its funds in two insured private or non-governmental financial institutions. Uninsured balances amounting to \$2,990,091 and \$7,837,669 as of June 30, 2024 and 2023, respectively, were collateralized with securities pledged by the financial institutions and held by the Treasury Department.

Note 4 - Due from governmental entities

Due from governmental entities as of June 30, 2024 and 2023, consists of:

	2024	2023
Commonwealth of Puerto Rico	\$ 2,343,671	\$ 1,092,381
Less allowance for doubtful accounts	(431,203)	(409,754)
Due from governmental entities, net	\$ 1,912,468	\$ 682,627
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	CU-10	

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Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Notes to Basic Financial Statements – (Continued)

June 30, 2024 and 2023

Note 5 - Capital assets

The activity of each of the major classes of capital assets and accumulated depreciation and amortization for the years ended June 30, 2024 and 2023, are summarized as follows:

	2024			June 30, 2024
	June 30, 2023	Increase	Decrease	
Capital assets not being depreciated -				
Land	\$ 82,600	\$ -	\$ -	\$ 82,600
Capital assets being depreciated:				
Television, radio and other equipment	59,402,350	1,949,688	-	61,352,038
Building and building improvements	13,970,354	573,036	-	14,543,390
Motor vehicles	1,715,332	303,179	-	2,018,511
Furniture and fixtures	1,160,356	234,018	-	1,394,374
Computers	2,860,180	234,479	-	3,094,659
Right-to-use lease assets:				
Television, radio and other equipment	24,307	-	-	24,307
Building and building improvements	157,997	-	-	157,997
Total capital assets being depreciated	<u>79,290,876</u>	<u>3,294,400</u>	<u>-</u>	<u>82,585,276</u>
Less accumulated depreciation and amortization:				
Television, radio and other equipment	52,136,288	1,364,168	-	53,500,456
Building and building improvements	12,971,926	277,527	-	13,249,453
Motor vehicles	1,454,754	26,737	-	1,481,491
Furniture and fixtures	1,100,876	27,330	-	1,128,206
Computers	2,698,655	17,578	-	2,716,233
Right-to-use lease assets:				
Television, radio and other equipment	5,204	4,782	-	9,986
Building and building improvements	47,938	33,010	-	80,948
Total accumulated depreciation and amortization	<u>70,415,641</u>	<u>1,751,132</u>	<u>-</u>	<u>72,166,773</u>
Capital assets, net	<u>\$ 8,957,835</u>	<u>\$ 1,543,268</u>	<u>\$ -</u>	<u>\$ 10,501,103</u>

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Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Notes to Basic Financial Statements – (Continued)

June 30, 2024 and 2023

Note 5 - Capital assets – (continued)

	2023			June 30, 2023
	June 30, 2022	Increase	Decrease	
Capital assets not being depreciated -				
Land	\$ 82,600	\$ -	\$ -	\$ 82,600
Capital assets being depreciated:				
Television, radio and other equipment	58,409,625	992,725	-	59,402,350
Building and building improvements	13,430,442	539,912	-	13,970,354
Motor vehicles	1,715,332	-	-	1,715,332
Furniture and fixtures	1,107,613	52,743	-	1,160,356
Computers	2,846,851	13,329	-	2,860,180
Right-to-use lease assets:				
Television, radio and other equipment	24,307	-	-	24,307
Building and building improvements	112,137	45,860	-	157,997
Total capital assets being depreciated	<u>77,646,307</u>	<u>1,644,569</u>	<u>-</u>	<u>79,290,876</u>
Less accumulated depreciation and amortization:				
Television, radio and other equipment	50,912,862	1,223,426	-	52,136,288
Building and building improvements	12,742,145	229,781	-	12,971,926
Motor vehicles	1,428,159	26,595	-	1,454,754
Furniture and fixtures	1,079,304	21,572	-	1,100,876
Computers	2,685,347	13,308	-	2,698,655
Right-to-use lease assets:				
Television, radio and other equipment	399	4,805	-	5,204
Building and building improvements	14,951	32,987	-	47,938
Total accumulated depreciation and amortization	<u>68,863,167</u>	<u>1,552,474</u>	<u>-</u>	<u>70,415,641</u>
Capital assets, net	<u>\$ 8,865,740</u>	<u>\$ 92,095</u>	<u>\$ -</u>	<u>\$ 8,957,835</u>

Note 6 - Leases

Lessee

The Corporation, as lessee, leases transmission tower space for certain repeater stations from third parties under lease agreements. The leases provide for terms of up to five years, with additional renewal options, however, certain agreements are renewed on a month-to-month basis. For the purposes of determining the right-to-use lease assets and related lease liability, the Corporation did not consider the options to extend the lease agreements, since the Corporation is not reasonably certain that it will renew these agreements under the existing terms.

Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Notes to Basic Financial Statements – (Continued)

June 30, 2024 and 2023

Note 6 - Leases – (continued)

Lessee – (continued)

Operating lease expense amounted to \$39,096 and \$39,528 for the years ended June 30, 2024 and 2023, respectively, including interest expense of \$1,304 and \$1,736, respectively. The amortization of right-to-use lease assets of \$37,792 for each of the years ended June 30, 2024 and 2023 is included as part of depreciation and amortization expense, in the accompanying statements of revenues, expenses, and changes in net position.

The activity of lease liabilities for the years ended June 30, 2024 and 2023 was as follows:

2024				
Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
\$ 130,826	\$ -	\$ (37,835)	\$ 92,991	\$ 38,272
2023				
Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
\$ 121,447	\$ 45,860	\$ (36,481)	\$ 130,826	\$ 37,835

Future principal and interest payments due on lease liabilities as of June 30, 2024 consist of:

Years Ending June 30,	Principal	Interest	Total
2025	\$ 38,272	\$ 867	\$ 39,139
2026	38,715	425	39,140
2027	16,004	43	16,047
Total payments	92,991	1,335	94,326
Less current portion	(38,272)	(867)	(39,139)
Noncurrent portion	\$ 54,719	\$ 468	\$ 55,187

Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Notes to Basic Financial Statements – (Continued)

June 30, 2024 and 2023

Note 6 - Leases – (continued)

Lessee – (continued)

In addition, the Corporation may lease other assets under short-term operating lease agreements. Rent expense under such agreements amounted to \$34,139 and \$32,316 for the years ended June 30, 2024 and 2023, respectively, and is included as part of broadcasting and technical expenses, and programming and production expenses, in the accompanying statements of revenues, expenses, and changes in net position.

Lessor

The Corporation, as lessor, leases space on certain towers that it owns to various third parties under lease agreements with terms ranging from five to ten years, with additional renewal options, however, certain agreements are renewed on a month-to-month basis. Total lease receivables as of June 30, 2024 and 2023 amounted to \$422,710 and \$565,906, respectively, including current portion of \$172,641 and \$165,233, respectively. During the year ended June 30, 2024 and 2023, lease receivables increased by \$27,615 and \$242,228, respectively, with a corresponding increase in deferred inflows of resources for the same amount.

Lease revenues for the years ended June 30, 2024 and 2023 amounted to \$332,172 and \$233,156, respectively, including revenues under short-term leases of \$161,361 and \$48,936, respectively. Lease revenues are included as part of other operating revenue in the accompanying statement of revenues, expenses and changes in net position. Interest income on lease receivables amounted to \$13,275 and \$17,459 for the years ended June 30, 2024 and 2023, respectively, which is included as part of interest and other income in the accompanying statements of revenues, expenses and changes in net position.

The total deferred inflow of resources associated with these leases will be recognized as revenue over the term of the related leases.

Note 7 - Retirement plan

The Employees' Retirement System of the Commonwealth of Puerto Rico and its Instrumentalities (ERS) was created pursuant to Act No. 447 of 1951, as amended. ERS sponsors the Pension Plan and other benefit programs, as amended by Act No. 106 of 2017 (Act No. 106). Act No. 106 modified most of the activities of the Commonwealth's retirement systems, which include ERS, the Retirement System for the Judiciary of the Commonwealth, and the Puerto Rico System of Annuities and Pensions for Teachers (collectively, the Retirement Systems).

Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Notes to Basic Financial Statements – (Continued)

June 30, 2024 and 2023

Note 7 - Retirement plan – (continued)

In addition, Act No. 106 implemented the pay-as-you-go (PayGo) system for which the Corporation assumed its proportional share of the pension benefits of its retirees. The Commonwealth Plan of Adjustment preserves all accrued pension benefits for active and retired public employees under Class 51, such that all accrued pension benefit claims are not reduced or modified and will be paid under the PayGo system.

Under Act No. 106, active employees are required to contribute a minimum of 8.5% of their compensation into a defined contribution plan. Such contributions are deposited in separate accounts for each employee and invested in accordance with certain guidelines. However, Act No. 106 does not provide for employer contributions.

Under the PayGo system, the Commonwealth's General Fund makes direct pension payments to the pensioners and then gets reimbursed for those payments by the applicable employer. The PayGo charge must be submitted to the Treasury Department before the 15th day of each month along with the individual contributions withheld from active employees. Charges under the PayGo system for the years ended June 30, 2024 and 2023, amounted to \$1,333,733 and \$1,324,257, respectively, which have been included as part of deferred outflows of resources as of June 30, 2024 and 2023.

Upon retirement, employees will receive the retirement benefits accumulated after the enactment of Act No. 106, with certain limitations, plus benefits accumulated until the enactment of Act No. 106, with certain limitations, including benefits accumulated under previous defined benefit, defined contribution, and hybrid plans, as discussed below. Benefits accumulated after the enactment of Act No. 106 include only those amounts contributed by the participant during that period and the yield from those deposits. Based on the investment instruments acquired by the participant, there may be investment risks that may impair the value of the participants' accounts through the date of retirement.

Before Act No. 106, ERS had different benefit structures, including a cost sharing multiemployer defined benefit program, a defined contribution program (System 2000 program) and a contributory hybrid program. Benefit provisions vary depending on member's date of hire.

The benefits provided to members of ERS were statutorily established by the Commonwealth and could only be amended by the Legislature with the Governor's approval. Act No. 3 of 2013 (Act No. 3), in conjunction with other funding and design changes, provided for a comprehensive reform of ERS.

Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Notes to Basic Financial Statements – (Continued)

June 30, 2024 and 2023

Note 7 - Retirement plan – (continued)

Under Act No. 3, certain provisions are different for the three groups of members who entered ERS prior to July 1, 2013 as follows:

- Members of Act No. 447 of 1951 are generally those members hired before April 1, 1990 (contributory, defined benefit program.)
- Members of Act No. 1 of 1990 are generally those members hired on or after April 1, 1990 and on or before December 31, 1999 (together with Act No. 447 participants, the Defined Benefit Program).
- Members of Act No. 305 of 1999 (System 2000) are generally those members hired on or after January 1, 2000 and on or before June 30, 2013.

Under Act No. 3, all regular employees that were participants of previous programs and those hired for the first time on or after July 1, 2013 became members of the Contributory Hybrid Program as a condition to their employment until the enactment of Act No. 106.

Total Pension Liability and Actuarial Information

The total Pension Plan liability recorded by the Corporation as of June 30, 2024 and 2023 (measurement dates June 30, 2023 and 2022, respectively) amounted to \$28,907,023 and \$28,166,563, respectively. Such total amount represents the Corporation’s proportionate share of the total pension liability of the Pension Plan as of such dates. The total pension liability as of June 30, 2024 and 2023 was determined by actuarial valuations as of July 1, 2022 and 2021, that were rolled forward to June 30, 2023 and 2022 (the measurement dates), respectively.

The total Pension Plan liability activity for the years ended June 30, 2024 and 2023, was as follows:

2024				
Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
\$ 28,166,563	\$ 2,069,289	\$ (1,328,829)	\$ 28,907,023	\$ 1,333,733
2023				
Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
\$ 24,524,819	\$ 4,958,938	\$ (1,317,194)	\$ 28,166,563	\$ 1,324,257

Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Notes to Basic Financial Statements – (Continued)

June 30, 2024 and 2023

Note 7 - Retirement plan – (continued)

Total Pension Liability and Actuarial Information – (continued)

The Corporation's proportion of the total pension liability was actuarially determined based on the ratio of the Corporation's benefit payments to the total benefit payments made by all participating employers under the Pension Plan for the years ending on the measurement date. At June 30, 2024 and 2023, the Corporation's proportion was .1317% and .12715%, respectively.

Actuarial Methods and Assumptions

The actuarial valuations used the following actuarial methods and assumptions applied to all periods in the measurement period:

Discount rate

The discount rates for June 30, 2023 and 2022 (measurement dates) were 3.65% and 3.54%, respectively. These represent the municipal bond return rate as selected by the Commonwealth at the corresponding measurement dates. The source is the Bond Buyer Obligation 20 Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality tables

The mortality tables used in the June 30, 2023 and 2022 (measurement dates) actuarial valuations were as follows:

- Pre-retirement Mortality – For general employees not covered under Act No. 127-1958, PubG-2010 Employee Mortality Rates, adjusted by 100% for males and 110% for females, projected to reflect Mortality Improvement Scale MP-2021 on a generational basis. For members covered under Act No. 127, the PubS-2010 Employee Mortality Rates are assumed for males and females, projected to reflect Mortality Improvement Scale MP-2021 on a generational basis. 100% of deaths while in active service are assumed to be occupational for members covered under Act No. 127-1958.
- Post-retirement Retiree Mortality – Rates which vary by gender are assumed for healthy retirees and beneficiaries based on a study of the ERS Plan's experience from 2013 to 2018 and updated expectations regarding future mortality improvement. The PubG-2010 healthy retiree rates, adjusted by 100% for males and 110% for females, projected using MP-2021 a generational basis.

Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Notes to Basic Financial Statements – (Continued)

June 30, 2024 and 2023

Note 7 - Retirement plan – (continued)

Actuarial Methods and Assumptions – (continued)

Mortality tables – (continued)

- Post-retirement Disabled Mortality – Rates which vary by gender are assumed for disabled retirees based on a study of the ERS Plan’s experience from 2013 to 2018 and updated expectations regarding future mortality improvement. The PubG-2010 disabled retiree rates, adjusted by 80% for males and 100% for females. The base rates are projected using Mortality Improvement Scale MP-2021 on a generational basis.
- Post-retirement Beneficiary Mortality – Prior to retiree’s death, beneficiary mortality is assumed to be the same as the post-retirement retiree mortality. For periods after the retiree’s death, the PubG-2010(B) contingent survivor rates, adjusted by 110% for males and 120% for females, projected using MP-2021 on a generational basis.

The above mortality tables, as generational tables, reflect mortality improvements both before and after the measurement date.

Other assumptions at the measurement dates

Actuarial cost method	Entry age normal
Inflation rate	Not applicable
Salary increases	3.00% per year. No compensation increases are assumed until July 1, 2021 as a result of Act No. 3 of 2017, a four-year extension of Act No. 66 of 2014 and the current general economy.

Sensitivity of the Total Pension Liability to Changes in the Discount Rate

The following presents what the Corporation’s total Pension Plan liability calculated using the discount rate of 3.65% as of June 30, 2024, as well as what the Corporation's proportionate share of the total Pension Plan liability, would be if it were calculated using a discount rate of 1% point lower 2.65% or 1% point higher 4.65% than the current rate:

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Total pension liability	<u>\$ 32,230,047</u>	<u>\$ 28,907,023</u>	<u>\$ 26,132,347</u>

Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Notes to Basic Financial Statements – (Continued)

June 30, 2024 and 2023

Note 7 - Retirement plan – (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2024 and 2023, the reported deferred outflows of resources and deferred inflows of resources related to pensions consist of the following sources:

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 20,144	\$ 180,286
Changes of assumptions	1,103,780	-
Changes in proportion	480,049	-
Pension benefits paid subsequent to the measurement date	1,333,733	-
Total	\$ 2,937,706	\$ 180,286
	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 353,352	\$ 597,231
Changes of assumptions	2,273,359	2,215,839
Changes in proportion	5,672,004	244,048
Pension benefits paid subsequent to the measurement date	1,324,257	-
Total	\$ 9,622,972	\$ 3,057,118

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of June 30, 2024 will be recognized as adjustment to pension expense in the Corporation's financial statements as follows:

Year Ending June 30	Amount
2025	\$ 1,423,687

Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Notes to Basic Financial Statements – (Continued)

June 30, 2024 and 2023

Note 7 - Retirement plan – (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources – (continued)

Pension benefits paid subsequent to the 2023 measurement date of \$1,333,733 have been excluded from the table above.

Pension Plan Expense

The Corporation's Pension Plan expense for the years ended June 30, 2024 and 2023 amounted to \$5,887,198 and \$2,588,476, respectively.

Note 8 - Other Postemployment Benefits

The Corporation participates in the OPEB Plan of the Commonwealth for retired participants of ERS, which is an unfunded, multi-employer defined benefit other postemployment healthcare benefit plan created under Act No. 95 of 1963. The OPEB Plan is administered on a pay-as-you-go basis. Accordingly, there are no assets accumulated in a qualifying trust for the OPEB plan that meet the criteria in paragraph 4 of GASB 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*.

OPEB Plan Description

The OPEB Plan covers a payment of up to \$100 per month to the eligible medical insurance plan selected by each member provide that the member retired prior to July 1, 2013 (Act No. 483, as amended by Act No. 3). The OPEB Plan is financed by the Commonwealth through legislative appropriations. However, the Commonwealth claims reimbursements from each employer on a monthly basis for the corresponding OPEB payments made by the Commonwealth in relation to the retirees associated with each employer.

There is no contribution requirement from the plan members during active employment. The retirees contribute the amount of the healthcare insurance premium not covered by the Commonwealth contribution. GASB 75 requires participating employers to recognize their proportionate share of the collective total OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense.

Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Notes to Basic Financial Statements – (Continued)

June 30, 2024 and 2023

Note 8 - Other Postemployment Benefits – (continued)

Total OPEB Liability and Actuarial Information

The total OPEB liability recorded by the Corporation as of June 30, 2024 and 2023 (measurement dates June 30, 2023 and June 30, 2022, respectively) amounted to \$612,296 and \$641,480, respectively, representing the Corporation’s proportionate share of the total OPEB liability of the OPEB Plan as of such dates. The total OPEB liability as of June 30, 2024 and 2023 was determined by actuarial valuations as of July 1, 2022 and 2021, that were rolled forward to June 30, 2023 and 2022 (the measurement dates), respectively.

The total OPEB liability activity for the years ended June 30, 2024 and 2023, was as follows:

2024				
Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
\$ 641,480	\$ 6,616	\$ (35,800)	\$ 612,296	\$ 35,400
2023				
Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
\$ 441,685	\$ 473,590	\$ (273,795)	\$ 641,480	\$ 35,800

The Corporation's proportion of the total OPEB liability was actuarially determined based on the ratio of the Corporation’s benefit payments to the total benefit payments made by all participating employers under the OPEB Plan for the years ending on the measurement date. At June 30, 2024 and 2023, the Corporation's proportion of the collective total OPEB liability was 0.09470% and 0.09222%, respectively.

a. Actuarial assumptions

The actuarial valuation used the following actuarial methods and assumptions applied to all periods in the measurement period.

Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Notes to Basic Financial Statements – (Continued)

June 30, 2024 and 2023

Note 8 - Other Postemployment Benefits – (continued)

Total OPEB Liability and Actuarial Information – (continued)

a. Actuarial assumptions – (continued)

Discount rate

The discount rates for June 30, 2023 and 2022 (measurement dates) were 3.65% and 3.54%, respectively. These represent the municipal bond return rate as selected by the Commonwealth at the corresponding measurement dates. The source is the Bond Buyer Obligation 20 Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality tables

The mortality tables used in the June 30, 2023 and 2022 (measurement dates) actuarial valuations were as follows:

- Post-Retirement Mortality - Rates which vary by gender are assumed for healthy retirees and beneficiaries based on a study of the Plan's experience from 2013 to 2018 and updated expectations regarding future mortality improvement. The PubG-2010 healthy retiree rates, adjusted by 100% for males and 110% for females, projected using MP-2021 on a generational basis.
- Post-Retirement Disabled Mortality – Rates which vary by gender are assumed for disabled retirees based on a study of the Plan's experience from 2013 to 2018 and updated expectations regarding future mortality improvement. The PubG-2010 disabled retiree rates are adjusted by 80% for males and 100% for females. The base rates are projected using Mortality Improvement Scale MP-2021 on a generational basis.

The above mortality tables, as generational tables, reflect mortality improvements both before and after the measurement date.

Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Notes to Basic Financial Statements – (Continued)

June 30, 2024 and 2023

Note 8 - Other Postemployment Benefits – (continued)

b. Sensitivity of total OPEB liability to changes in the discount rate

The following presents what the Corporation's OPEB Plan liability calculated using the discount rate of 3.65% as of June 30, 2024, as well as what the Corporation's proportionate share of the total collective OPEB liability, would be if it were calculated using a discount rate of 1% point lower (2.65%) or 1% point higher (4.65%) than the current rate:

	1% Decrease (2.65%)	Current Discount Rate (3.54%)	1% Increase (4.65%)
	<u> </u>	<u> </u>	<u> </u>
Total OPEB liability	<u>\$ 664,802</u>	<u>\$ 612,296</u>	<u>\$ 566,998</u>

Deferred Outflows of Resources Related to the OPEB Plan

At June 30, 2024 and 2023, the reported deferred outflows of resources related to the OPEB Plan of \$35,400 and \$35,800, respectively, consist of OPEB benefits paid subsequent to the measurement dates.

OPEB Plan Expense

The Corporation's OPEB Plan expense for the years ended June 30, 2024 and 2023 amounted to \$35,400 and \$35,800, respectively.

Note 9 - Termination benefits

During the year ended June 30, 2011, the Legislature approved a one-time retirement incentive plan for all regular employees of the central government agencies and certain public corporations, under Act No. 70 of July 2, 2010 (Act No. 70). The plan included early retirement incentives for certain eligible employees.

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Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Notes to Basic Financial Statements – (Continued)

June 30, 2024 and 2023

Note 9 - Termination benefits – (continued)

Termination Benefits Plan Provisions

Under the termination benefits plan, employees could select one of three options as follows:

Option A - Article 4(a) provides a one-time economic incentive based on the following parameters:

Years of Service in Public Sector	Incentive Gross Amount
Up to 1 year	1 month of salary
From 1 year and 1 day and less than 3 years	3 months of salary
More than 3 years	6 months of salary

Option B - Article 4(b) provides, employees meeting certain years of service criteria (between 15 and 29 years) and opting for early retirement, to receive a higher pension benefit rate than they would otherwise be entitled to receive based on their current years of service, but such pension rate is lower than what they would have been entitled to if they had waited to meet the full vesting requirements.

Annuity pension payments are based on the following parameters:

Credited Years of Service	Pension Payment (As a % of Salary)
15	37.5%
16	40.0%
17	42.5%
18	45.0%
19	47.5%
20 to 29	50.0%

Puerto Rico Public Broadcasting Corporation
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Notes to Basic Financial Statements – (Continued)

June 30, 2024 and 2023

Note 9 - Termination benefits – (continued)

Termination Benefits Plan Provisions – (continued)

The Corporation will be responsible for making the applicable employer contributions to the Pension Plan, as well as making the payments to cover the annuity payments to the employees opting for the early retirement window, until both; the years of service and age requirements for full vesting would have occurred, at which time ERS will continue making the annuity payments. Employees selecting options A or B were entitled to receive full payment of healthcare plan benefits for a period of up to 12 months or the date that the employee is eligible for a healthcare plan benefit offered by another employer, whichever occurs first.

Option C - Article - 4(c) provides eligible employees that have 30 years of credited services contributing to the Pension Plan and request to start receiving their pension benefits will be entitled to receive the economic incentive disposed on article 4(a) but not entitled to the incentives provided on article 4(b). Employees that have the required retirement age but have not achieved the years of credited services contributing to the Pension Plan will be entitled to an economic incentive of up to 6 months of salary to cover for the years of service not credited.

The voluntary termination benefits liability at June 30, 2024 and 2023 represents the present value of future payments under the incentive plan, calculated using a discount rate of .95%. The voluntary termination benefits liability activity for the years ended June 30, 2024 and 2023 was as follows:

2024				
Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
\$ 1,184,977	\$ -	\$ 161,663	\$ 1,023,314	\$ 153,940
2023				
Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
\$ 1,369,820	\$ -	\$ 184,843	\$ 1,184,977	\$ 171,524

The Corporation funds the program with appropriations assigned from the annual budget of the Commonwealth. Since the inception of the program, 15 employees have elected to retire, 8 in 2011, 3 in 2012 and 4 in 2013.

Puerto Rico Public Broadcasting Corporation
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Notes to Basic Financial Statements – (Continued)

June 30, 2024 and 2023

Note 10 - Commitments

The Corporation has agreements with independent consultants to solicit and acquire funds for program underwriting and other activities related to public broadcasting. The agreements provide for the payment of commissions to the consultants based on varying percentages of funds received.

Note 11 - Contingencies and risk management

Contingent liabilities

The Corporation is a defendant in a legal case in which five plaintiffs claim reinstatement of employment with back pay and compensatory damages for unjust dismissal. During the year ended June 30, 2016, the Court of First Instance of San Juan issued a partial judgement in favor of the plaintiffs ordering the Corporation to reinstate them in their previous employment posts with the Corporation. The plaintiffs' claim for back pay was estimated at approximately \$1,300,000. This determination is final and firm as the Appeals Court and Supreme Court confirmed the partial judgement. In addition, during the year ended June 30, 2016, the Court of First Instance of San Juan issued a final judgement granting these plaintiffs compensatory damages in the amount of \$380,000. This determination is final and firm as the Appeals Court confirmed the judgement.

The accrued legal claims activity for the years ended June 30, 2024 and 2023 was as follows:

2024				
Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
\$ 1,680,000	\$ -	\$ -	\$ 1,680,000	\$ -
2023				
Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
\$ 1,680,000	\$ -	\$ -	\$ 1,680,000	\$ -

The Corporation is also a defendant or co-defendant in various other lawsuits in the normal course of operations. Some claims have been brought against the Corporation by employees and others.

Puerto Rico Public Broadcasting Corporation
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Notes to Basic Financial Statements – (Continued)

June 30, 2024 and 2023

Note 11 - Contingencies and risk management – (continued)

Contingent liabilities – (continued)

Based on the opinion of legal counsel, management has concluded that no reserves are required in relation to these cases as of June 30, 2024 and 2023.

Risk Management

The Corporation is exposed to various risks of loss from torts, theft of, damage to, and destruction of assets, extra expense, errors and omissions, employee injuries and illnesses, natural disasters, and other losses. Commercial insurance coverage is obtained for claims arising from such matters. The commercial insurance coverage and premium are negotiated by the Corporation and the Treasury Department. The cost is paid by the Treasury Department and reimbursed by the Corporation.

Concentration of Credit Risk

Financial instruments that potentially subject the Corporation to concentration of credit risk consist of accounts receivable and due from governmental entities. Accounts receivable and due from governmental entities are due from customers, municipalities and governmental instrumentalities mainly located in Puerto Rico. The Corporation generally does not require collateral and credit losses are provided for periodically through the allowance for doubtful accounts. The Corporation routinely assesses the financial strength of its customers to reduce its exposure to potential credit losses.

Note 12 - Subsequent events

The Corporation has evaluated subsequent events through May 30, 2025, which is the date the financial statements were available to be issued. No events have occurred subsequent to the statement of net position date that would require additional adjustment to, or disclosure, in the financial statements.

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Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Required Supplemental Information (Unaudited)
Schedule of Proportionate Share of the Collective Total Pension Liability

June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Proportion (percentage) of the net collective total pension liability	<u>0.13917%</u>	<u>0.12715%</u>	<u>0.09022%</u>	<u>0.08337%</u>	<u>0.08255%</u>	<u>0.08724%</u>
Proportion (amount) of the net collective total pension liability	<u>\$28,907,023</u>	<u>\$ 28,166,563</u>	<u>\$24,524,819</u>	<u>\$ 23,402,375</u>	<u>\$ 20,514,105</u>	<u>\$ 21,364,055</u>

Notes to Required Supplementary Information

1. As a result of the implementation of the PayGo system, as provided by Act No. 106 of 2017 (Act 106), the Pension Plan has no assets accumulated in a trust that are dedicated to pay the related benefits in accordance with the benefit terms. As such, the Pension Plan does not meet the criteria to be considered a plan that is administered through a trust or equivalent arrangement under GASB 68 and, therefore, it is subject to the provisions of GASB 73. Act 106 eliminated all employer contributions and required ERS to liquidate its assets and to transfer the proceeds to the Commonwealth for the payment of pension benefits.
2. The Corporation's proportion of the total pension liability was actuarially determined based on the ratio of the Corporation's benefit payments to the total benefit payments made by all participating employers under the Pension Plan for the years ending on the measurement date.
3. The schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Required Supplemental Information (Unaudited)
Schedule of Proportionate Share of the Collective Total OPEB Liability

June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Proportion of the collective total OPEB liability	<u>0.09470%</u>	<u>.092220%</u>	<u>0.05534%</u>	<u>0.05706%</u>	<u>0.05934%</u>	<u>0.06084%</u>	<u>0.05940%</u>	<u>0.05762%</u>
Proportionate share of the collective total OPEB liability	<u>\$ 612,296</u>	<u>\$ 641,480</u>	<u>\$ 441,685</u>	<u>\$ 499,034</u>	<u>\$ 493,831</u>	<u>\$ 512,389</u>	<u>\$ 546,742</u>	<u>\$ 682,842</u>

Notes to Required Supplementary Information

1. The OPEB plan has no assets accumulated in a trust that are dedicated to pay the related benefits in accordance with the benefit terms.
2. The Corporation's proportion of the total OPEB liability was actuarially determined based on the ratio of the Corporation's benefit payments to the total benefit payments made by all participating employers under the OPEB Plan for the years ending on the measurement date.
3. The schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.
4. The amounts presented were determined by actuarial valuations.

Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Schedule of Revenues, Expenses and Changes in Net Position by Function

Year Ended June 30, 2024

	<u>WIPR-TV</u>	<u>WIPR-FM</u>	<u>Total</u>
Operating revenues:			
Sponsoring services	\$ 1,079,929	\$ 113,496	\$ 1,193,425
Production services	5,723,799	53,215	5,777,014
Other	<u>292,311</u>	<u>39,861</u>	<u>332,172</u>
Total operating revenues	<u>7,096,039</u>	<u>206,572</u>	<u>7,302,611</u>
Operating expenses:			
Broadcasting and technical	2,247,215	-	2,247,215
Programming and production	5,920,273	784,061	6,704,334
General administration	8,156,579	-	8,156,579
Depreciation and amortization	<u>1,712,085</u>	<u>39,047</u>	<u>1,751,132</u>
Total operating expenses	<u>18,036,152</u>	<u>823,108</u>	<u>18,859,260</u>
Loss from operations	<u>(10,940,113)</u>	<u>(616,536)</u>	<u>(11,556,649)</u>
Non-operating revenues (expense):			
Contributions from the Corporation for Public Broadcasting	502,822	137,722	640,544
Contributions from the Commonwealth of Puerto Rico	601,902	91,854	693,756
Federal financial assistance	1,629,418	-	1,629,418
Interest and other income	96,046	400	96,446
Interest expense	<u>(1,304)</u>	<u>-</u>	<u>(1,304)</u>
Non-operating revenues, net	<u>2,828,884</u>	<u>229,976</u>	<u>3,058,860</u>
Change in net position	<u>\$ (8,111,229)</u>	<u>\$ (386,560)</u>	<u>\$ (8,497,789)</u>

Puerto Rico Public Broadcasting Corporation
(A Component Unit of the Commonwealth of Puerto Rico)

Schedule of Revenues, Expenses and Changes in Net Position by Function

Year Ended June 30, 2023

	<u>WIPR-TV</u>	<u>WIPR-FM</u>	<u>Total</u>
Operating revenues:			
Sponsoring services	\$ 748,743	\$ 55,621	\$ 804,364
Production services	6,674,414	66,684	6,741,098
Other	<u>251,944</u>	<u>35,931</u>	<u>287,875</u>
Total operating revenues	<u>7,675,101</u>	<u>158,236</u>	<u>7,833,337</u>
Operating expenses:			
Broadcasting and technical	3,495,033	-	3,495,033
Programming and production	5,871,219	898,637	6,769,856
General administration	5,111,641	-	5,111,641
Depreciation and amortization	<u>1,547,501</u>	<u>4,973</u>	<u>1,552,474</u>
Total operating expenses	<u>16,025,394</u>	<u>903,610</u>	<u>16,929,004</u>
Loss from operations	<u>(8,350,293)</u>	<u>(745,374)</u>	<u>(9,095,667)</u>
Non-operating revenues (expense):			
Contributions from the Corporation for Public Broadcasting	612,615	123,128	735,743
Contributions from the Commonwealth of Puerto Rico	1,594,755	119,073	1,713,828
Federal financial assistance	1,932,692	-	1,932,692
Interest and other income	101,516	11,774	113,290
Interest expense	<u>(1,736)</u>	<u>-</u>	<u>(1,736)</u>
Non-operating revenues, net	<u>4,239,842</u>	<u>253,975</u>	<u>4,493,817</u>
Change in net position	<u>\$ (4,110,451)</u>	<u>\$ (491,399)</u>	<u>\$ (4,601,850)</u>