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

Financial Statements and Supplementary Information

June 30, 2022

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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 statement of net position as of June 30, 2022 and the related statements of revenues, expenses and changes in net position, and of cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of June 30, 2022 and the related changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 audit. 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. On May 3, 2017, at the request of the Governor, the Oversight Board commenced a Title III case for the Commonwealth of Puerto Rico by filing a petition for relief under Title Ill of PROMESA in the United States District Court for the District of Puerto Rico (the Title III Court). On January 18, 2022, the Title Ill Court entered an order confirming the Commonwealth's Eighth Amended Plan of Adjustment (the Plan). The Plan became effective in accordance with its terms on March 15, 2022, and the Commonwealth emerged from Title Ill of PROMESA.

Approval of the Plan of Adjustment of the Commonwealth – (continued)

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.

Auditors' Responsibilities for the Audit of the Financial Statements – (continued)

- 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Galindez LLC

San Juan, Puerto Rico
November 21, 2023
License No. LLC-322
Expires December 1, 2026

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, 2022 and 2021, 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, 2022, decreased by approximately $3.8 million or 14%, including deferred outflows, when compared to June 30, 2021.
- The liabilities of the Corporation as of June 30, 2022, exceeded its assets by approximately $10.1 million or 43% including deferred inflows, resulting in a negative net position for such amount.
- At June 30, 2022, the net position of the Corporation decreased by $4.2 million or 72% when compared to June 30, 2021, mainly due to the results from operations for the year.
- Operating revenues for the year ended June 30, 2022, decreased by approximately $11.5 million or 58% when compared to the year ended June 30, 2021, mainly due to a decrease in production services of approximately $11.6 million or 62%.
- Non-operating revenues for the year ended June 30, 2022, decreased by approximately $1.4 million or 29% when compared to the year ended June 30, 2021.
- Operating expenses for the year ended June 30, 2022, increased by approximately $1.7 million or 12% when compared to the year ended June 30, 2021.

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 economic resources measurement focus and 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 a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows for the year ended June 30, 2022. 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 financial statements.

Required Financial Statements for Business-Type Activities – (continued)

The primary purpose of such notes is to provide additional information, enhanced disclosures and tabular presentation of financial data to further explain the balances included in the basic financial statements and to provide more detailed financial information.

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.

Financial Analysis for the Year Ended June 30, 2022

The statements of financial position provide information on the Corporation's assets and liabilities, with the difference between them reported as net assets, as follows:

			Change	
Assets:	2022	2021	In Dollars	Percentage
Current assets	$ 8,587,024	$ 14,115,020	$ (5,527,996)	-39.16%
Non-current assets:				
Capital assets	8,865,740	7,889,684	976,056	12.37%
Other	375,869	411,923	(36,054)	-8.75%
Total assets	17,828,633	22,416,627	(4,587,994)	-20.47%
Deferred outflows of resources	5,619,412	4,879,427	739,985	15.17%
Total assets and deferred outflows of resources	$ 23,448,045	$ 27,296,054	$ (3,848,009)	-14.10%
Liabilities:				
Current liabilities	$ 4,609,317	$ 5,103,716	$ (494,399)	-9.69%
Non-current liabilities:				
Accrued legal claims	1,680,000	1,680,000	-	0.00%
Lease liabilities	94,634	-	$ 94,634	100.00%
Termination benefits	1,175,415	1,413,419	(238,004)	-16.84%
Compensated absences	301,762	544,919	(243,157)	-44.62%
Other postemployment benefits	404,685	462,634	(57,949)	-12.53%
Pension liability	23,322,086	22,344,507	977,579	4.38%
Total liabilities	31,587,899	31,549,195	38,704	0.12%
Deferred inflows of resources	2,005,756	1,660,675	345,081	20.78%
Total liabilities and deferred inflows of resources	33,593,655	33,209,870	383,785	1.16%
Net assets:				
Investment in capital assets	8,865,740	7,889,684	976,056	12.37%
Restricted	2,505,770	2,607,904	(102,134)	-3.92%
Unrestricted	(21,517,120)	(16,411,404)	(5,105,716)	31.11%
Total net assets	(10,145,610)	(5,913,816)	(4,231,794)	71.56%
Total liabilities and net assets	$ 23,448,045	$ 27,296,054	$ (3,848,009)	-14.10%

Analysis of Net Assets

As of June 30, 2022, the net assets of the Corporation decreased by approximately $4.2 million or 72% when compared to June 30, 2021, mainly due to the following:

- Increase in investment in capital assets of approximately $976,000 or 12% is mainly due to capital acquisitions of approximately $2.2 million, net of depreciation and amortization expense of approximately $1.2 million for the year ended June 30, 2022.

- Net decrease of approximately $5.1 million or 31% in unrestricted net position is mainly due to the increase in net position of $4.2 million, mainly driven by the decrease in production revenue for the year ended June 30, 2022 and the increase in investment in capital assets of approximately $976,000.

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. A comparison of current assets as of June 30, 2022, and 2021 by asset classification is as follows:

			Change	
	2022	2021	In Dollars	Percentage
Cash	$ 5,255,536	$ 5,265,113	$ (9,577)	-0.18%
Restricted cash	2,549,132	2,945,222	(396,090)	-13.45%
Accounts receivable, net	336,185	449,781	(113,596)	-25.26%
Other receivables	26,152	21,688	4,464	20.58%
Lease receivable	145,029	-	145,029	100.00%
Due from governmental entities, net	274,990	5,433,216	(5,158,226)	-94.94%
Total current assets	$ 8,587,024	$ 14,115,020	$ (5,527,996)	-39.16%

Decrease in restricted cash of approximately $396,000 or 13% is mainly due to decreases of approximately $400,000 from Corporation for Public Broadcasting (CPB), $276,000 from Taller Drámatico and $466,000 from Lucy Boscana, net of an increase in Federal Communications Commission (FCC) Repacking Program of $741,000. Decrease in due from government entities of approximately $5.2 million or 95% is mainly due to decrease of projects contracts from the Puerto Rico Department of Education approximately of $12 million or 62%.

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. Thus, 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, 2022 and 2021 by asset classification is as follows:

			Change	
	2022	2021	In Dollars	Percentage
Licensed program rights and costs incurred for programs not yet broadcasted	$ -	$ 398,923	$ (398,923)	-100.00%
Lease receivables	362,869	-	362,869	100.00%
Other	13,000	13,000	-	0.00%
Capital assets, net	8,865,740	7,889,684	976,056	12.37%
Total non-current assets	$ 9,241,609	$ 8,301,607	$ 940,002	11.32%

Total non-current assets at June 30, 2022 increased by approximately $940,000 or about 11.32% when compared to June 30, 2021. Such increase is mainly due to an increase of approximately $976,000 or 12% in capital assets as a result of approximately $2.2 million of additions, less depreciation expense of approximately $1.2 million for the year ended June 30, 2022. Also, during the year 2022, the Corporation adopted the provisions of GASB 87, *Leases*, which resulted in the recognition of lease receivables of $362,869. In addition, there was no programming yet to be broadcasted at June 30, 2023.

Capital Assets

At June 30, 2022, the Corporation had an investment in capital assets of approximately $8.9 million, net of accumulated depreciation and amortization. This amount represents a net increase of approximately $976,000 or 12% when compared to June 30, 2021.

Analysis of Non-Current Assets – (continued)

Capital Assets – (continued)

A comparison of net capital assets as of June 30, 2022 and 2021 by asset category is as follows:

Asset Category	2022	2021	Change In Dollars	Change Percentage
Land	$ 82,600	$ 82,600	$ -	0.00%
Television, radio and other equipment	7,496,763	7,176,488	320,275	4.46%
Building and building improvements	688,297	286,856	401,441	139.95%
Motor vehicles	287,173	140,138	147,035	104.92%
Furniture and fixtures	28,309	45,654	(17,345)	-37.99%
Computers	161,504	157,948	3,556	2.25%
Right-to-use lease assets	121,094	-	121,094	100.00%
Capital assets, net	$ 8,865,740	$ 7,889,684	$ 976,056	12.37%

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

- Television, radio and other equipment at June 30, 2022 increased by approximately $320,000 when compared to June 30, 2021, mainly due to the net effect of additions of transmission equipment amounting to approximately $1.3 million, as part of the FCC repacking program funds, and the current year's depreciation expense of approximately $1 million.

- Building and building improvements at June 30, 2022 increased by approximately $400,000 when compared to June 30, 2021, mainly due to the net effect of additions of approximately $546,000 and depreciation expense of approximately $144,000.

- Right-to-use lease assets increased by $121,094 as a result of the adoption of GASB 87.

Deferred Outflows of Resources

The increase in deferred outflows of resources of approximately $740,000 or 15% is due to the net result of adjustments mainly due to changes in actuarial assumptions related to GASB 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*, in connection with the PayGo system under Act No. 106.

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, 2022 and 2021 is as follows:

			Change	
	2022	2021	In Dollars	Percentage
Accounts payable	$ 2,199,537	$ 3,072,000	$ (872,463)	-28.40%
Accrued expenses, payroll taxes and withholdings	454,839	321,419	133,420	41.51%
Lease liabilities	121,447	-	121,447	100.00%
Termination benefits	1,369,820	1,621,740	(251,920)	-15.53%
Compensated absences	795,752	952,627	(156,875)	-16.47%
Accrued legal claims	1,680,000	1,680,000	-	0.00%
Other postemployment benefits	441,685	499,034	(57,349)	-11.49%
Pension liability	24,524,819	23,402,375	1,122,444	4.80%
Total liabilities	$ 31,587,899	$ 31,549,195	$ 38,704	0.12%

Accounts payable decreased by approximately $872,000 or 28% as of June 30, 2022, when compared to June 30, 2021, mainly due to a decrease in television productions in 2022 as a result of the end of the COVID-19 related television agreement with the Department of Education, which resulted in a reduction in payables due for services and purchases.

Termination benefits decreased by approximately $252,000 or 15.5% 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.

The decrease of $156,875 or 16% in compensated absences is mainly due to the current year activity.

Increase in the total pension liability of $1.1 million or 4.8% is mainly due to a decrease in the discount rate used to determine the total pension liability.

Deferred Inflows of Resources

The increase in deferred inflows of resources of approximately $345,000 or 21% is mainly due to additions of approximately $497,000 related to the adoption of GASB 87 and a decrease of approximately $152,000 in pension related deferred inflows of resources.

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 year. Following is a summary of the statements of revenues, expenses and changes in net position for the years ended June 30, 2022 and 2021:

			Change	
	2022	2021	In Dollars	Percentage
Operating revenues:				
Sponsoring services	$ 702,269	$ 704,775	$ (2,506)	-0.36%
Production services	7,208,995	18,779,059	(11,570,064)	-61.61%
Other	285,681	236,582	49,099	20.75%
Total operating revenues	8,196,945	19,720,416	(11,523,471)	-58.43%
Non-operating revenue (expense):				
Contributions from Corporation for Public Broadcasting	1,497,236	2,092,576	(595,340)	-28.45%
Contributions from the Commonwealth of Puerto Rico	650,805	602,893	47,912	7.95%
Federal financial assistance	1,276,330	1,858,764	(582,434)	-31.33%
Interest and other income	19,873	279,141	(259,268)	-92.88%
Interest expense	(798)	-	(798)	100.00%
Total non-operating revenue	3,443,446	4,833,374	(1,389,928)	-28.76%
Operating expenses:				
Broadcasting and technical	2,820,841	1,850,340	970,501	52.45%
Programming and production	8,399,562	8,652,014	(252,452)	-2.92%
General administration	3,402,908	2,885,448	517,460	17.93%
Depreciation and amortization	1,248,874	815,500	433,374	53.14%
Total operating expenses	15,872,185	14,203,302	1,668,883	11.75%
Change in net position	(4,231,794)	10,350,488	(14,582,282)	-140.88%
Net position, at beginning of year	(5,913,816)	(16,264,304)	10,350,488	-63.64%
Net position, at end of year	$ (10,145,610)	$ (5,913,816)	$ (4,231,794)	71.56%

Analysis of Revenues

Operating revenues decreased by approximately $11.5 million or 58%, from $19.7 million in 2021 to $8.2 million in 2022, as a result of a decreased in income from production services of approximately $11.6 million or 61.6%, mainly due to a decrease in special projects, particularly from the Puerto Rico Department of Education and the Puerto Rico Department of Health for COVID-19 related productions.

Non-operating revenue decreased by approximately $1.4 million or 29%, from $4.8 million in 2021 to $3.4 million in 2022, mainly due the following:

- Contributions from the CPB decreased by approximately $595,000 or 28%, from $2.1 million in 2021 to $1.5 million in 2022. On an annual basis, the CPB determines the funds to be provided to the Corporation based on their budget and internal criteria.

- Federal financial assistance decreased by approximately $582,000 or 31% during 2022, mainly due to funds received from the FCC (approximately $1,276,000 in 2022 compared to $1,859,000 in 2021) in connection with the repacking program for broadband television spectrum reorganization.

- Decrease in interest and other income of approximately $259,000 or 93% is mainly due to insurance recoveries of approximately $270,000 in 2021.

Analysis of Expenses

Total operating expenses for the year ended June 30, 2022, increased by approximately $1.7 million or 12%, from $14.2 million in 2021 to $15.9 million in 2022, mainly due to the following:

- Increase in broadcasting technical expenses of approximately $970,500 or 52%, from $1.9 million in 2021 to $2.8 million in 2022. Such increase is mainly due to an increase in electricity expense and facilities' rental expense.

- Increase in general administration expenses of approximately $517,000 or 18%, from $2.9 million in 2021 to $3.4 million in 2022. Such increase is mainly due to an increase in payroll related expenses of approximately $450,000.

- Increase of approximately $433,000 or 53% in depreciation expense, mainly due to current and prior year additions related to the FCC's repacking program for broadband television spectrum reorganization.

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. 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.

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)

Statement of Net Position

June 30, 2022

Assets

Current assets:	
Cash	$ 5,255,536
Restricted cash	2,549,132
Accounts receivable:	
Trade, net of allowance for doubtful accounts of $268,561	336,185
Other receivables	26,152
Lease receivables	145,029
Due from governmental entities, net of allowance for doubtful accounts of $303,332	274,990
Total current assets	8,587,024
Non-current assets:	
Lease receivables	362,869
Other assets	13,000
Capital assets, net of accumulated depreciation and amortization	8,865,740
Total assets	17,828,633
Deferred outflows of resources:	
Pension	5,582,412
Other postemployment benefits	37,000
Total deferred outflows of resources	5,619,412
Total assets and deferred outflows of resources	$ 23,448,045

(Continues)

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

Statement of Net Position (Continued)

June 30, 2022

Liabilities	
Current liabilities:	
Accounts payable	$ 2,199,537
Accrued expenses, payroll taxes and withholdings	454,839
Lease liabilities	26,813
Termination benefits accrual	194,405
Compensated absences	493,990
Total other postemployment benefits	37,000
Total pension liability	1,202,733
Total current liabilities	4,609,317
Non-current liabilities:	
Accrued legal claims	1,680,000
Lease liabilities	94,634
Termination benefits accrual	1,175,415
Compensated absences	301,762
Total other postemployment benefits	404,685
Total pension liability	23,322,086
Total non-current liabilities	26,978,582
Total liabilities	31,587,899
Deferred inflows of resources:	
Pension	1,508,543
Leases	497,213
Total deferred inflows of resources	2,005,756
Total liabilities and deferred inflows of resources	33,593,655
Net Position	
Investment in capital assets	8,865,740
Restricted	2,505,770
Unrestricted deficit	(21,517,120)
Total net position	(10,145,610)
Total liabilities and net position	$ 23,448,045

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)

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2022

Operating revenues:	
Sponsoring services	$ 702,269
Production services	7,208,995
Other	285,681
Total operating revenues	8,196,945
Operating expenses:	
Broadcasting and technical	2,820,841
Programming and production	8,399,562
General administration	3,402,908
Depreciation and amortization	1,248,874
Total operating expenses	15,872,185
Loss from operations	(7,675,240)
Non-operating revenues (expense):	
Contributions from the Corporation for Public Broadcasting	1,497,236
Contributions from the Commonwealth of Puerto Rico	650,805
Federal financial assistance	1,276,330
Interest and other income	19,873
Interest expense	(798)
Non-operating revenues, net	3,443,446
Change in net position	(4,231,794)
Net position, beginning of year,	(5,913,816)
Net position, end of year	$ (10,145,610)

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)

Statement of Cash Flows

Year Ended June 30, 2022

Cash flows from operating activities:	
Receipts from customers	$ 12,971,097
Payments to suppliers and contractors	(9,445,814)
Payments to employees	(5,270,913)
Net used in operating activities	(1,745,630)
Cash flows from non-capital financing activities:	
Contributions from the Corporation for Public Broadcasting	1,497,236
Contributions from the Commonwealth of Puerto Rico	650,805
Federal financial assistance	1,276,330
Net cash provided by non-capital financing activities	3,424,371
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(2,088,486)
Payment of lease liabilities, including interest of $798	(15,795)
Net used in capital and related financing activities	(2,104,281)
Cash flows from investing activities -	
Interest and other income received	19,873
Net change in cash and restricted cash	(405,667)
Cash and restricted cash, beginning of year	8,210,335
Cash and restricted cash, end of year	$ 7,804,668
Reconciliation of cash and restricted cash to the statement of net position:	
Cash	$ 5,255,536
Restricted cash	2,549,132
Total cash and restricted cash	$ 7,804,668

(Continues)

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

Statement of Cash Flows - (Continued)

Year Ended June 30, 2022

Reconciliation of loss from operations to net cash used in operating activities:	
Loss from operations	$ (7,675,240)
Adjustments to reconcile loss from operations to net cash used in operating activities	
Depreciation and amortization	1,248,874
Provision for doubtful accounts	5,294
Amortization of licensed programs rights and cost incurred for programs not yet broadcasted	398,923
Changes in operating assets and liabilities:	
Accounts receivable	108,302
Other receivables	(4,464)
Lease receivables	197,325
Due from governmental entities	5,158,226
Deferred outflows of resources	(739,985)
Accounts payable	(872,463)
Accrued expenses, payroll taxes and withholdings	133,420
Termination benefits accrual	(251,920)
Compensated absences	(156,875)
Other postemployment benefits - liability	(57,349)
Pension liability	1,122,444
Deferred inflows of resources	(360,142)
Total adjustments	5,929,610
Net cash used in operating activities	$ (1,745,630)
Non-cash financing transactions - Right-to-use assets in exchange for lease liabilities	$ 136,444

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

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:

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

Note 1 - Organization – (continued)

On May 3, 2017, at the request of the Governor, the Oversight Board commenced a Title III case for the Commonwealth by filing a petition for relief under Title Ill of PROMESA in the United States District Court for the District of Puerto Rico (the Title III Court). On January 18, 2022, the Title Ill Court entered an order confirming the Commonwealth's Eighth Amended Plan of Adjustment (the Plan).

On March 15, 2022 (the Effective Date), the conditions precedent to the Effective Date of the Plan were satisfied and/or waived by the Oversight Board, thereby, causing the Plan to become effective.

As of the Effective Date, the Plan reduced the Commonwealth's total funded debt obligations from approximately $34.3 billion of prepetition debt to approximately $7.4 billion, representing a total debt reduction of 78%. This debt reduction will also reduce the Commonwealth's maximum annual debt service (inclusive of COFINA) from approximately $4.2 billion to $1.15 billion, representing a total debt service reduction of 73%. Also as of the Effective Date, all of the legacy Commonwealth general obligation bonds, ERS bonds, and PBA bonds were discharged, and all of the Commonwealth, ERS, and PBA obligations and guarantees related thereto were discharged. In addition, all Commonwealth laws that required the transfer of funds from the Commonwealth to other entities have been deemed preempted, and the Commonwealth has no obligation to transfer additional amounts pursuant to those laws. Importantly, effectuating the Plan provides a path for Puerto Rico to access the credit markets and develop balanced annual budgets.

As discussed in the MD&A, as part of the recommendations made by the Oversight Board to improve the Commonwealth's finances, the Corporation was 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.

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.

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

Basis of Accounting – (continued)

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.

All other revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses, such as revenues associated with, or restricted by donors to use for, capital improvements grants, 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, 2022.

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.

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

Accounts Receivable – (continued)

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.

Licensed Program Rights and Costs Incurred for Programs not yet Broadcasted

Costs incurred in the acquisition or development of licensed program rights related to programs or series that will be aired during subsequent periods are stated at cost. Amortization is computed based on the estimated number of future showings, except those licenses providing for unlimited showings of programs with similar characteristics that may be amortized over the period of the agreement because the estimated number of future showings may not be determinable.

Amortization of licensed programs rights and costs incurred for programs not yet broadcasted amounted to $398,923 for the year ended June 30, 2022 and is included as part of programming and production expenses in the accompanying statement of revenues, expenses, and changes in net position.

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. 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:

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

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

Capital Assets – (continued)

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, 2022, 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 year ended June 30, 2022.

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.

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

Leases – (continued)

Lessee – (continued)

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.

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.

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

Leases – (continued)

Lessor – (continued)

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. 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 year ended June 30, 2022 was as follows:

Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
$ 952,627	$ 291,806	$ (448,681)	$ 795,752	$ 493,990

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

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.* 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.

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

Pension Benefits – (continued)

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 statement 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, 2022 relate to the Corporation's participation in the Pension Plan and the OPEB Plan.

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, 2022 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:

- 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.

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

Net Position – (continued)

- 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.

  A description of the Corporation's restricted net position and related restrictions and balances as of June 30, 2022 are as follows:

Type of Restriction	Amount
Lucy Boscana	$ 263,663
Corporation for Public Broadcasting	1,478,987
FCC Repacking Program	763,120
Total restricted net position	$ 2,505,770

- 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 statement 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.

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

Contributions and Other Support – (continued)

According to the Communications Act, funds may be used at the discretion of recipients for purposes relating primarily to production and acquisition of programming. Certain general provisions must be satisfied in connection with 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.

In addition, during the year ended June 30, 2022, the Corporation received $1,276,330 from the FCC in connection with the repacking program for broadband television spectrum reorganization, which are presented as federal financial assistance in the accompanying statement of revenues, expenses and changes in net position.

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.

During the year ended June 30, 2022, the Corporation recorded trade and barter transactions amounting to $482,521, which are included as part of sponsorship services revenues and as part of programming and production and general administration expenses in the accompanying statement of revenues, expenses and changes in net position.

Advertising Costs

Advertising costs are expensed in the period in which they are incurred. During the year ended June 30, 2022, the Corporation incurred in advertising costs amounting to $541,748, which are included as part of broadcasting and technical, programming and production, and general administration expenses in the accompanying statement of revenues, expenses, and changes in net position.

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

New accounting standards adopted

The following accounting standards were effective in fiscal year 2022:

- GASB Statement No. 87, *Leases*. This Statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

  As a result of the adoption of GASB 87, the Corporation recognized lease receivables and related deferred inflows of resources of $705,223 as of July 1, 2021.

- GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement.

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

- GASB Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

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

- GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address the accounting and financial reporting implications that result from the replacement of an IBOR.

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

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

New accounting standards adopted – (continued)

- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The objectives of this Statement are to (1) increase consistency and comparability in the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that such board typically would perform; (2) mitigate costs for the reporting of certain defined contribution pension plans, OPEB plans, and employee benefit plans other than pension plans or OPEB plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

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

- GASB Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term Annual Comprehensive Financial Report and its acronym ACFR. This new term and acronym replace Comprehensive Annual Financial Report and its acronym in generally accepted accounting principles for state and local governments.

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

- GASB Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related notes disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

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

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

Future adoption of accounting standards

- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

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

- GASB Statement No. 96, *Subscription – Based Information Technology Arrangements.* This Statement provides guidance on the accounting and financial reporting for subscription – based information technology arrangements (SBITA's) for government end users (governments). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

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

- 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 by addressing (1) practice issues identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

  - 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.
  - Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition, and measurement of a lease liability and a lease asset, and identification of lease incentives.
  - Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.

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

Future adoption of accounting standards – (continued)

- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription - based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements.
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*
- Terminology used in Statement 53 to refer to resource flows statements.

The requirements of this Statement that are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in GASB 34, as amended, and terminology updates related to GASB 53 and GASB 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023.

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

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

Future adoption of accounting standards – (continued)

- 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.

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

- 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.

Note 3 - Cash deposits

The carrying amount of the Corporation's cash deposits at June 30, 2022 consists of:

	Cash on Deposit	Bank Balance
Unrestricted:		
Cash on hand	$ 5,255,536	$ 5,293,599
Restricted:		
CPB CSG TV and Radio	1,481,291	1,481,291
Lucy Boscana	293,592	294,902
FCC Repacking	763,120	763,120
Other	11,129	21,534
Total	$ 7,804,668	$ 7,854,446

Note 3 - Cash deposits – (continued)

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).

As of June 30, 2022, the Corporation's carrying amount of bank demand deposits was $7,804,668. The bank balances for all demand deposit accounts amounted to $7,854,446 as of June 30, 2022. Bank balances are insured by the Federal Deposit Insurance Corporation for 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 $7,354,446 as of June 30, 2022, 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, 2022, consists of:

Administración de Servicios Generales	$	98,000
Compañia de Turismo de Puerto Rico		50,000
Departamento de la Familia		50,000
Departamento de Recreación y Deportes		176,155
Loteria Electrónica		110,361
Other governmental entities		93,806
Total due from governmental entities		578,322
Less allowance for doubtful accounts		(303,332)
Due from governmental entities, net	$	274,990

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Note 5 - Capital assets

The activity of each of the major classes of capital assets and accumulated depreciation and amortization for the year ended June 30, 2022, is summarized as follows:

	June 30, 2021	Increase	Decrease	June 30, 2022
Capital assets not being depreciated -				
Land	$ 82,600	$ -	$ -	$ 82,600
Capital assets being depreciated:				
Television, radio and other equipment	57,075,202	1,334,423	-	58,409,625
Building and building improvements	12,884,884	545,558	-	13,430,442
Motor vehicles	1,539,008	176,324	-	1,715,332
Furniture and fixtures	1,100,243	7,370	-	1,107,613
Computers	2,822,040	24,811	-	2,846,851
Right-to-use lease assets	-	136,444	-	136,444
Total capital assets being depreciated	75,421,377	2,224,930	-	77,646,307
Less accumulated depreciation and amortization:				
Television, radio and other equipment	49,898,714	1,014,148	-	50,912,862
Building and building improvements	12,598,028	144,117	-	12,742,145
Motor vehicles	1,398,870	29,289	-	1,428,159
Furniture and fixtures	1,054,589	24,715	-	1,079,304
Computers	2,664,092	21,255	-	2,685,347
Right-to-use lease assets	-	15,350	-	15,350
Total accumulated depreciation and amortization	67,614,293	1,248,874	-	68,863,167
Capital assets, net	$ 7,889,684	$ 976,056	$ -	$ 8,865,740

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.

Total lease expense amounted to $711,391 for the year ended June 30, 2022, including short-term lease expense of $696,041. Short-term lease expenses are included as part of broadcasting and technical expenses, and programming and production expenses, while amortization of right-to-use lease assets of $15,350 is included as part of depreciation and amortization expense, in the accompanying statement of revenues, expenses, and changes in net position.

Note 6 - Leases – (continued)

Lessee – (continued)

The activity of lease liabilities for the year ended June 30, 2022 was as follows:

Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
$ -	$ 136,444	$ (14,997)	$ 121,447	$ 26,813

Future principal and interest payments due on lease liabilities as of June 30, 2022 consist of:

Years Ending June 30,	Principal	Interest	Total
2023	$ 26,813	$ 1,254	$ 28,067
2024	27,123	944	28,067
2025	27,436	631	28,067
2026	27,753	314	28,067
2027	12,322	45	12,367
Total payments	121,447	3,188	124,635
Less current portion	(26,813)	(1,254)	(28,067)
Noncurrent, payments	$ 94,634	$ 1,934	$ 96,568

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, 2022 amounted to $507,898, including current portion of $145,029.

Lease revenues for the year ended June 30, 2022 amounted to $272,829, including revenues under short-term leases of $75,504. 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 $14,755 for the year ended June 30, 2022, which is included as part of interest and other income in the accompanying statement 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). 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 year ended June 30, 2022 amounted to $1,181,981, which have been included as part of deferred outflows of resources as of June 30, 2022.

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.

Note 7 - Retirement plan – (continued)

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.

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 (Act No. 305 of 1999 or System 2000) are generally those members hired on or after January 1, 2000 and on or before June 30, 2013 (the System 2000 Program).

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, 2022 (measurement date June 30, 2021) amounted to $24,524,819. Such total amount represents its proportionate share of the total pension liability of the Pension Plan as of such date. The total pension liability as of June 30, 2022 (measurement date June 30, 2021) was determined by an actuarial valuation as of July 1, 2020, that was rolled forward to June 30, 2021 (measurement date).

The total Pension Plan liability activity for the year ended June 30, 2022, was as follows:

Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
$ 23,402,375	$ 2,304,425	$ (1,181,981)	$ 24,524,819	$ 1,202,733

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 year ending on the measurement date. At June 30, 2022, the Corporation's proportion was .09022%, which represents an increase of .00685% when compared to its proportion of .08337% at June 30, 2021.

Note 7 - Retirement plan – (continued)

Actuarial Methods and Assumptions

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

Discount rate

The discount rate for June 30, 2021 (measurement date) was 2.16%. This represents the municipal bond return rate as selected by the Commonwealth. 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, 2021 (measurement date) actuarial valuation 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. 127-1958, the PubS-2010 Employee Mortality Rates are assumed for males and females, projected to reflect Mortality Improvement Scale MP-2020 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 Healthy Mortality - Rates which vary by gender are assumed for healthy retirees and beneficiaries based on a study of the Pension Plan's experience from 2007 to 2012 and updated expectations regarding future mortality improvement. The 2010 base rates are equal to 92% of the rates from the UP-1994 Mortality Table for Males and 95% of the rates from the UP-1994 Mortality Table for Females, both projected from 1994 to 2010 using Scale AA. The base rates are projected using Mortality Improvement Scale MP-2019 on a generational basis.
- *Post-retirement Healthy 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-2020 a generational basis. Prior to retiree’s death, beneficiary mortality is assumed to be the same as the post-retirement healthy 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-2020 on a generational basis.

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-2020 on a generational basis.

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

Other assumptions

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 the Corporation's total Pension Plan liability calculated using the discount rate of 2.16%, 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 1.16% or 1% point higher 3.16% than the current rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Total pension liability	$ 28,020,591	$ 24,524,819	$ 21,692,078

Note 7 - Retirement plan – (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2022 (measurement date June 30, 2021), the reported deferred outflows of resources and deferred inflows of resources related to pensions consist of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 39,175	$ 730,646
Changes of assumptions	2,510,552	289,799
Changes in proportion	1,850,704	488,098
Pension benefits paid subsequent to the measurement date	1,181,981	-
Total	$ 5,582,412	$ 1,508,543

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

Pension benefits paid subsequent to the measurement date of $1,181,981 have been excluded from the table below.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of June 30, 2022 (measurement date June 30, 2021) will be recognized as adjustment to pension expense in the Corporation's financial statements as follows:

Years Ending June 30	Amount
2023	$ 889,689
2024	889,692
2025	1,112,507
Total	$ 2,891,888

Pension Plan Expense

The Corporation's Pension Plan expense for the year ended June 30, 2022 (measurement date June 30, 2021) amounted to $1,511,365.

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.

Total OPEB Liability and Actuarial Information

The total OPEB liability recorded by the Corporation as of June 30, 2022 (measurement date June 30, 2021) amounted to $441,685 representing its proportionate share of the total OPEB liability of the OPEB Plan as of such date. The total OPEB liability as of June 30, 2022 (measurement date June 30, 2021) was determined by an actuarial valuation as of July 1, 2020 that was rolled forward to June 30, 2021 (measurement date).

The total OPEB liability activity for the year ended June 30, 2022 was as follows:

Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
$ 499,034	$ -	$ (57,349)	$ 441,685	$ 37,000

Note 8 - Other Postemployment Benefits – (continued)

Total OPEB Liability and Actuarial Information – (continued)

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 year ending on the measurement date. At June 30, 2022 (measurement date June 30, 2021), the Corporation's proportion of the collective total OPEB liability was 0.05534%, which represents a decrease of 0.00172% when compared to the Corporation's proportion of 0.05706% as of June 30, 2021.

a. Actuarial assumptions

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

Discount rate

The discount rate for June 30, 2021 (measurement date) was 2.16%. This represents the municipal bond return rate as selected by the Commonwealth. The source is the Bond Buyer Obligation (GO) 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, 2021 (measurement date) actuarial valuation were as follows:

- Pre-Retirement Mortality - For general employees not covered under Act No. 127 of 1958, PubG-2010 Employee Mortality Rates, adjusted by 100% for males and 110% for females, projected to reflect Mortality Improvement Scale MP-2020 on a generational basis. For members covered under Act No. 127, the PubS-2010 Mortality Rates are assumed for males and females, projected to reflect Mortality Improvement Scale MP-2020 on a generational basis. As generational tables, they reflect mortality improvements both before and after the measurement date. 100% of deaths while in active service are assumed to be occupational for members covered under Act No. 127 of 1958.

- Post-Retirement Healthy 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-2020 on a generational basis.

Note 8 - Other Postemployment Benefits – (continued)

Mortality tables – (continued)

Prior to retiree's death, beneficiary mortality is assumed to be the same as the post-retirement healthy 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 MP2020 on a generational basis. As a generational table, it reflects mortality improvements both before and after the measurement date.

- 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 improvements. 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-2020 on a generational basis. As a generational table, it reflects mortality improvements before and after the measurement date.

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

The following presents the Corporation's OPEB Plan liability calculated using the discount rate of 2.16%, 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 (1.16%) or 1% point higher (3.16%) than the current rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability	$ 484,827	$ 441,685	$ 404,948

Deferred Outflows of Resources Related to the OPEB Plan

At June 30, 2022 (measurement date June 30, 2021), the reported deferred outflows of resources related to the OPEB Plan of $37,000 consist of OPEB benefits paid subsequent to the measurement date.

OPEB Plan Expense

The Corporation's OPEB Plan expense for the year ended June 30, 2022 (measurement date June 30, 2021) amounted to $36,400.

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.

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%

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.

The voluntary termination benefits liability at June 30, 2022 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 year ended June 30, 2022 was as follows:

Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
$ 1,621,740	$ -	$ (251,920)	$ 1,369,820	$ 194,405

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 Corporation funds the program with appropriations assigned from the annual budget of the Commonwealth. Since the inception of the program, 32 employees have elected to retire, 7 in 2013, 10 in 2012 and 15 in 2011.

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. As of June 30, 2022, the Corporation maintains an accrual of $1,680,000 related to this legal contingency.

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. Based on the opinion of legal counsel, management has concluded that no reserves are required in relation to these cases as of June 30, 2022.

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 - COVID-19 assistance programs

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was enacted to provide emergency assistance to individuals, families, and businesses affected by the COVID-19 pandemic. As part of the CARES Act and other related legislation, including the American Rescue Plan, which established the Coronavirus State and Local Fiscal Recovery Fund, the Commonwealth of Puerto Rico assigned $200 million to fund the premium pay program. Under this program, certain employees who continued to provide essential services during the pandemic and therefore were at risk due to their interaction with patients or the public may be eligible to receive premium pay amounting to $2,000 per employee.

During the year ended June 30, 2022, the Corporation received $132,000 under the premium pay program, which are presented as a deduction of the related payroll expense in the accompanying statement of revenues, expenses and changes in net position for the year then ended.

Note 13 - Subsequent events

The Corporation has evaluated subsequent events through November 21, 2023 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
Schedule of Proportionate Share of the Collective Total Pension Liability

June 30, 2022

	2022	2021	2020	2019
Proportion (percentage) of the net collective total pension liability	0.90220%	0.08337%	0.08255%	0.08724%
Proportion (amount) of the net collective total pension liability	$ 24,524,819	$23,402,375	$ 20,514,105	$ 21,364,055

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 year 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
Schedule of Proportionate Share of the Collective Net OPEB Liability

June 30, 2022

	2022	2021	2020	2019	2018	2017
Proportion of the collective net OPEB liability	0.05534%	0.05706%	0.05934%	0.06084%	0.05940%	0.05762%
Proportionate share of the collective net OPEB liability	$ 441,685	$ 499,034	$ 493,831	$ 512,389	$ 546,742	$ 682,842

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 net 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 year 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.