Public Broadcasting Service and Subsidiaries

Consolidated Financial Statements and Independent Auditor's Report

Years Ended June 30, 2026 and 2025

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.

Public Broadcasting Service and Subsidiaries

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Independent Auditor's Report

The Board of Directors
Public Broadcasting Service
Arlington, Virginia

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Public Broadcasting Service and Subsidiaries (the Company), which comprise the consolidated statements of financial position as of June 30, 2026 and 2025, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of June 30, 2026 and 2025, the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 consolidated 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 consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company'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.

BDO USA, P.C.

McLean, Virginia
November 5, 2026

Consolidated Financial Statements

Public Broadcasting Service and Subsidiaries

Consolidated Statements of Financial Position

June 30,	**2026**	2025
(in thousands)		
Assets		
Current assets		
Cash and cash equivalents	**$ 325,295**	$ 238,218
Investments	**42,056**	40,322
Accounts receivable, net of allowance for credit losses	**47,801**	70,243
Grants and contributions receivable, net	**23,147**	47,180
Inventory, net	**9**	949
Prepaid expenses and other assets	**123,713**	113,583
Total current assets	**562,021**	510,495
Noncurrent assets		
Property and equipment, net	**26,950**	31,113
Unamortized broadcast rights	**167,651**	188,374
Investments, net of current portion	**171,768**	153,655
Operating lease right-of-use assets	**38,041**	40,990
Grants and contributions receivable, net of discount and current portion	**7,429**	10,046
Other assets	**1,242**	1,212
Total noncurrent assets	**413,081**	425,390
Total assets	**$ 975,102**	$ 935,885
Liabilities and net assets		
Current liabilities		
Accounts payable and accrued expenses	**$ 171,501**	$ 184,481
Cable and license fees payable	**62,751**	53,222
Operating lease liabilities	**3,923**	3,481
Refundable advance	**572**	4,290
Deferred revenue	**8,221**	10,746
Due to WGBH	**404**	877
Total current liabilities	**247,372**	257,097
Noncurrent liabilities		
Operating lease liabilities, net of current portion	**54,962**	58,872
Annuity liabilities	**344**	239
Total noncurrent liabilities	**55,306**	59,111
Total liabilities	**302,678**	316,208
Minority interest	**50,319**	49,445
Commitments and contingencies		
Net assets		
Without donor restrictions		
Board designated	**317,356**	325,654
Undesignated	**93,233**	53,934
Total without donor restrictions	**410,589**	379,588
With donor restrictions		
Purpose restrictions	**205,774**	184,902
Perpetual in nature	**5,742**	5,742
Total with donor restrictions	**211,516**	190,644
Total net assets	**622,105**	570,232
Total liabilities and net assets	**$ 975,102**	$ 935,885

See accompanying notes to consolidated financial statements.

Public Broadcasting Service and Subsidiaries

Consolidated Statements of Activities

Years ended June 30, *(in thousands)*	2026			2025		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support						
Imputed value of donated broadcast rights	**$ 174,767**	**$ -**	**$ 174,767**	$ 171,188	$ -	$ 171,188
Member assessments	**191,427**	**-**	**191,427**	227,047	-	227,047
Grants and contributions	**47,066**	**101,674**	**148,740**	24,496	197,009	221,505
Ventures	**224,133**	**-**	**224,133**	185,279	-	185,279
Investment return, net	**31,069**	**5,185**	**36,254**	22,888	1,372	24,260
Other	**27,656**	**2**	**27,658**	28,861	63	28,924
Net assets released from restrictions	**85,989**	**(85,989)**	**-**	114,746	(114,746)	-
Total revenues, gains, and other support	**782,107**	**20,872**	**802,979**	774,505	83,698	858,203
Expenses						
Program services						
Content and promotion	**419,977**	**-**	**419,977**	435,111	-	435,111
Member services	**12,805**	**-**	**12,805**	16,990	-	16,990
Distribution and information technology	**77,602**	**-**	**77,602**	76,938	-	76,938
Ventures	**167,346**	**-**	**167,346**	146,550	-	146,550
Other	**10,248**	**-**	**10,248**	2,096	-	2,096
Total program services	**687,978**	**-**	**687,978**	677,685	-	677,685
Supporting services						
Management and general	**41,078**	**-**	**41,078**	47,583	-	47,583
Fundraising	**3,259**	**-**	**3,259**	2,871	-	2,871
Total supporting services	**44,337**	**-**	**44,337**	50,454	-	50,454
Total expenses	**732,315**	**-**	**732,315**	728,139	-	728,139
Change in net assets before minority interest	**49,792**	**20,872**	**70,664**	46,366	83,698	130,064
Minority interest	**(18,791)**	**-**	**(18,791)**	(15,321)	-	(15,321)
Change in net assets	**31,001**	**20,872**	**51,873**	31,045	83,698	114,743
Net assets, beginning of year	**379,588**	**190,644**	**570,232**	348,543	106,946	455,489
Net assets, end of year	**$ 410,589**	**$ 211,516**	**$ 622,105**	$ 379,588	$ 190,644	$ 570,232

See accompanying notes to consolidated financial statements.

Public Broadcasting Service and Subsidiaries

Consolidated Statement of Functional Expenses

	Program Services						Supporting Services			
Year ended June 30, 2026	Content and Promotion	Member Services	Distribution and Information Technology	Ventures	Other	Total Program Services	Management and General	Fundraising	Total Supporting Services	2026 Total
(in thousands)										
Program rights	$ 174,450	$ 2	$ -	$ 15,688	$ -	$ 190,140	$ -	$ -	$ -	$ 190,140
Donated broadcast rights	174,767	-	-	-	-	174,767	-	-	-	174,767
Royalties	30	-	-	93,303	20	93,353	-	-	-	93,353
Salaries and wages	21,464	6,495	27,368	15,377	-	70,704	20,378	1,944	22,322	93,026
Professional services	12,204	839	17,813	2,802	9,570	43,228	8,649	288	8,937	52,165
Advertising and promotion	21,069	334	18	20,604	-	42,025	278	131	409	42,434
Benefits	7,528	2,239	8,881	7,684	-	26,332	7,742	663	8,405	34,737
Information technology	991	864	11,729	1,719	-	15,303	3,738	-	3,738	19,041
Cost of goods sold	250	-	-	7,214	-	7,464	-	-	-	7,464
Connectivity and communications	15	10	6,249	48	-	6,322	484	-	484	6,806
Occupancy	1,632	389	2,393	219	3	4,636	1,629	113	1,742	6,378
Depreciation and amortization	1,745	433	1,522	743	-	4,443	1,648	-	1,648	6,091
Travel and conferences	936	1,061	116	440	-	2,553	597	120	717	3,270
Office expense	110	71	105	250	-	536	665	-	665	1,201
Grant expense	159	(37)	-	-	-	122	-	-	-	122
Others	2,627	105	1,408	1,255	655	6,050	(4,730)	-	(4,730)	1,320
	$ 419,977	$ 12,805	$ 77,602	$ 167,346	$ 10,248	$ 687,978	$ 41,078	$ 3,259	$ 44,337	$ 732,315

See accompanying notes to consolidated financial statements.

Public Broadcasting Service and Subsidiaries

Consolidated Statement of Functional Expenses

	Program Services						Supporting Services			
Year ended June 30, 2025	Content and Promotion	Member Services	Distribution and Information Technology	Ventures	Other	Total Program Services	Management and General	Fundraising	Total Supporting Services	2025 Total
(in thousands)										
Program rights	$ 177,038	$ 276	$ -	$ 13,224	$ -	$ 190,538	$ (89)	$ -	$ (89)	$ 190,449
Donated broadcast rights	171,188	-	-	-	-	171,188	-	-	-	171,188
Royalties	368	-	-	83,508	92	83,968	-	-	-	83,968
Salaries and wages	24,883	7,009	26,025	15,135	-	73,052	22,555	1,946	24,501	97,553
Professional services	20,323	1,742	18,344	2,889	1,580	44,878	11,284	55	11,339	56,217
Advertising and promotion	20,426	705	305	13,777	-	35,213	295	43	338	35,551
Benefits	8,614	2,510	9,039	6,836	-	26,999	8,649	612	9,261	36,260
Information technology	1,468	1,304	10,921	1,771	-	15,464	3,649	-	3,649	19,113
Cost of goods sold	301	-	-	5,684	-	5,985	-	-	-	5,985
Connectivity and communications	23	18	6,732	56	-	6,829	553	-	553	7,382
Occupancy	1,873	447	2,345	241	1	4,907	1,109	117	1,226	6,133
Depreciation and amortization	1,922	522	1,691	448	-	4,583	1,692	-	1,692	6,275
Travel and conferences	1,180	1,822	193	723	-	3,918	874	98	972	4,890
Office expense	102	112	161	275	-	650	833	-	833	1,483
Grant expense	2,069	371	-	-	-	2,440	-	-	-	2,440
Others	3,333	152	1,182	1,983	423	7,073	(3,821)	-	(3,821)	3,252
	$ 435,111	$ 16,990	$ 76,938	$ 146,550	$ 2,096	$ 677,685	$ 47,583	$ 2,871	$ 50,454	$ 728,139

See accompanying notes to consolidated financial statements.

Public Broadcasting Service and Subsidiaries

Consolidated Statements of Cash Flows

Years ended June 30, *(in thousands)*	2026	2025
Cash flows from operating activities:		
Change in net assets	**$ 51,873**	$ 114,743
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	**6,091**	6,275
Amortization of broadcast rights	**168,890**	170,156
Increase in allowance for credit losses	**77**	242
Minority interest	**18,791**	15,321
Realized gains on sale of investments	**(7,663)**	(8,769)
Unrealized gains on investments	**(12,201)**	(4,378)
Provision for inventory	**1,086**	150
(Decrease) increase in allowance for uncollectible grants and contributions receivable	**(338)**	507
Change in discount on noncurrent grants and contributions receivable	**(1,214)**	(2,232)
Noncash lease expense	**2,949**	2,846
Change in present value of annuity liabilities	**43**	(149)
Gifts of donated securities	**(10,792)**	(11,145)
Proceeds from the sales of gifts of securities	**10,761**	11,135
Decrease (increase) in assets		
Accounts receivable	**22,365**	20,689
Grants and contributions receivable	**28,202**	34,594
Inventory	**(146)**	189
Prepaid expenses and other assets	**(10,160)**	(8,869)
Unamortized broadcast rights	**(148,167)**	(182,805)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	**(12,980)**	(12,582)
Cable and license fees payable	**9,529**	9,914
Due to WGBH	**(473)**	877
Deferred revenue	**(2,525)**	2,161
Refundable advance	**(3,718)**	1,290
Principal reduction in operating lease liabilities	**(3,468)**	(3,220)
Annuity liabilities	**62**	21
Net cash provided by operating activities	**106,874**	156,961
Cash flows from investing activities:		
Proceeds from sale of investments	**65,665**	57,173
Purchases of investments	**(65,617)**	(62,793)
Purchases of property and equipment	**(1,928)**	(2,339)
Net cash used in investing activities	**(1,880)**	(7,959)
Cash flows from financing activities:		
Cash distributions to minority ownership	**(17,917)**	(11,208)
Net cash used in financing activities	**(17,917)**	(11,208)
Net increase in cash and cash equivalents	**87,077**	137,794
Cash and cash equivalents and restricted cash, beginning of year	**238,218**	100,424
Cash and cash equivalents and restricted cash, end of year	**$ 325,295**	$ 238,218
Supplemental cash flow information:		
Income tax paid	**$ 411**	$ 942

See accompanying notes to consolidated financial statements.

1. Summary of Significant Accounting Policies

General

Public Broadcasting Service (PBS), incorporated in 1969, is a membership organization that in partnership with its member stations serves the American public with programming and services of the highest quality, using media to educate, inspire, entertain, and express a diversity of perspectives.

PBS Enterprises, LLC (PBSE), a single member limited liability company, of which PBS is the sole member, was organized to pursue revenue-producing projects and services as part of an ongoing effort to increase public television's financial base.

PBS Foundation was established by PBS as a 501(c)(3) supporting organization in July 2004. The mission of the PBS Foundation is to enlist philanthropic support of public broadcasting through establishing special initiatives funds and a permanent endowment to ensure PBS' continued excellence, and to promote and enhance outstanding public broadcasting programs and services. The PBS Foundation has established the PBS Endowment Fund for the support of PBS.

In January 2005, PBS created PBS Digital, LLC, a single member limited liability company, of which PBS is the sole member, to account for PBS' activities with the Children's Network, LLC. PBS Digital, LLC sold its interest in Children's Network, LLC in November 2013. PBS Digital, LLC had no activity during the years ended June 30, 2026 and 2025.

Public Media Distribution, LLC (PBSd) was formed on November 5, 2008, under the laws of the State of Delaware by PBS and WGBH Educational Foundation (WGBH). PBS has a 60% membership interest and WGBH has a 40% membership interest in the organization. PBSd promotes the educational mission of public broadcasting through worldwide distribution of public television content and other high-quality content. The 40% minority interest owned by WGBH is reflected as minority interest in the accompanying consolidated statements of financial position.

PBS UK, LLC (PBS UK) was formed on March 16, 2011, under the laws of the State of Delaware. PBS UK supports public broadcasting through distribution of high-quality content in the United Kingdom.

Principles of Consolidation

The consolidated financial statements include the accounts of PBS, PBSE, PBS Foundation, PBS Digital, LLC, PBSd, and PBS UK (collectively referred to as "the Company"). All inter-company balances and transactions have been eliminated in consolidation.

Basis of Accounting

The consolidated financial statements of the Company have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Under this method, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations. Included within net assets without donor restrictions are amounts that have been designated by the Board of Directors to support public broadcasting.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that will be met either by actions of the Company pursuant to those stipulations, the passage of time and/or are required to be maintained in perpetuity by the Company. Expirations of donor restrictions on net assets (i.e., the donor-imposed purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. Assets authorized for use by the Endowment Committee for purposes meeting the donor-imposed stipulations are reported as net assets released from restrictions.

Revenues, gains, and other support are reported as changes in net assets without donor restrictions unless their use is limited by donor-imposed stipulations, in which case they are reported as changes in net assets with donor restrictions. Expenses are reported as decreases in net assets without donor restrictions.

Endowment

The PBS Endowment Fund consists of individual funds established for a variety of purposes that are subject to varying levels of donor-imposed and board designated stipulations.

The Company classifies amounts designated by the donor to be preserved in perpetuity as increases in net assets with donor restrictions. Earnings from all donor-restricted funds are classified as donor restricted until such time as they are appropriated for use or classified as net assets without donor restrictions. Both the principal and earnings of Board designated endowment funds are classified as net assets without donor restrictions. Investment income and investment gains and losses are attributed to individual endowment funds in proportion to their pro rata share of the investment balance.

Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. However, the Company considers all cash equivalents such as money market funds held in brokerage accounts to be investments.

Investments

Investments in debt and equity securities are recorded at fair value based on quoted market prices. Unrealized and realized gains and losses, interest and dividends are recorded in investment return in the consolidated statements of activities. Interest and dividend income are accounted for on an accrual basis.

Investments that are held with long-term maturities are classified as noncurrent in the consolidated statements of financial position.

Accounts Receivable

Accounts receivable consists primarily of amounts due from member stations and distribution partners of PBSd.

The Company uses historical loss information based on the aging of receivables as the basis to determine expected credit losses for receivables and believes that the composition of receivables at year-end is consistent with historical conditions as credit terms and practices and the client base has not changed significantly. Management also took into account current conditions such as inflation, market trends, and technological trends, and does not believe these conditions impact the collectability of outstanding balances.

The Company regularly evaluates the ability of its members, distribution partners and other customers to pay amounts due and makes appropriate provisions for expected credit losses. The allowance for credit losses was $0.5 million and $0.4 million for the years ended June 30, 2026 and 2025, respectively. Uncollectible amounts are written off when all efforts to collect these receivables have been exhausted.

Grants and Contributions Receivable

The Company receives funding from the U.S. government, individuals, and organizations for direct and indirect program costs, payable in future periods. Funding from the U.S. government is subject to contractual restrictions, which must be met through the performance of program activities or from incurring qualifying expenses for programs. Grants and contributions that are expected to be collected within one year are recorded at net realizable value, and those that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received.

The allowance method is used to determine the uncollectible amounts. The allowance is based upon management’s judgement and analysis of the creditworthiness of the donors, past collection experience, an assessment of economic conditions, and a review of subsequent collections. Uncollectible amounts will be written off when all efforts to collect these receivables have been exhausted or when management receives notification that unconditional promises will not be collected. Allowance for uncollectible contributions was $0.2 million and $0.5 million for the years ended June 30, 2026 and 2025, respectively.

Inventory

Inventory, which primarily consists of DVDs, Blu-rays, and print packaging, is stated at the lower of average cost or net realizable value. A specific reserve for obsolete inventory is determined by evaluating units on hand against prior years’ sales, any plans to discontinue specific titles, or expected future demand. A general reserve is calculated for any remaining inventory on hand that exceeds the prior year two-year demand. The Company wrote off $0.3 million in inventory for both years ended June 30, 2026 and 2025, respectively.

Inventory consisted of the following as of June 30 (in thousands):

	2026	2025
Finished goods	$ 476	$ 1,589
Reserve for obsolescence	(467)	(640)
Inventory, net	$ 9	$ 949

Prepaid Expenses

Prepaid expenses primarily consist of advance payments made for insurance, rent, software licenses, subscriptions, and other services and contractual obligations to be recognized in future periods. The Company records prepaid expenses as assets at the time of payment and are amortized on a straight-line basis over the periods benefited.

Property and Equipment

Property and equipment are recorded at cost and depreciated or amortized on the straight-line basis over the following estimated useful lives:

Building	45 years
Broadcasting equipment	4-5 years
Computer and software	3-5 years
Furniture and equipment	3-8 years
Mobile applications	1 year
Leasehold improvements	Term of lease, plus all reasonably assured renewal periods

Prior to January 1, 2026, the Company capitalized property and equipment with an original cost of $5,000 or more (over $10,000 for PBSd) and an estimated useful life of more than one year. Starting January 1, 2026, the capitalization threshold was increased to $10,000 for the entire Company. When assets are sold, or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed from the accounts, and any resulting gain or loss is recorded. Repairs and maintenance are charged to expense when incurred.

Costs of internal-use software and website development are accounted for in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 350-40, *Internal Use Software* and FASB ASC 350-50, *Website Development Costs*.

The Company accumulated $0 and $0.2 million in direct costs and services consumed for internal-use software and website development that are reflected in the accompanying consolidated statements of financial position for the years ended June 30, 2026 and 2025, respectively.

Impairment of Long-Lived Assets

The Company reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. If considered impaired, the carrying amount of the asset

is reduced to its current fair value. An evaluation of long-lived assets held and used by the Company revealed no impairments for fiscal years 2026 and 2025.

Unamortized Broadcast Rights

PBS capitalizes the cost of purchased broadcast rights (obtained principally for the National Program Service), charging such rights to expense when the program is made available to member stations for initial broadcast. Unamortized broadcast rights are shown as noncurrent assets in the consolidated statements of financial position because current portions are not readily determinable.

Leases – (Operating Lease Right-of-Use Assets and Lease Liabilities)

Leases arise from contractual obligations that convey the right to control the use of identified property, plant, or equipment for a period in exchange for consideration. At the inception of the contract, the Company determines if an arrangement contains a lease based on whether there is an identified asset and whether the Company controls the use of the identified asset. The Company also determines whether the lease classification is an operating or financing lease at the commencement date.

A right-of-use asset represents the Company's right to use an underlying asset and a lease liability represents the Company's obligation to make payments during the lease term. Right-of-use assets are recorded and recognized at commencement for the lease liability amount, adjusted for initial direct costs incurred and lease incentives received. Lease liabilities are recorded at the present value of the future lease payments over the lease term at commencement. The implicit rates for the Company's leases are not readily determinable; therefore, the Company uses a risk-free discount rate at the lease commencement date for all new leases.

The Company's corporate office operating leases typically include non-lease components such as common area maintenance (CAM) costs, utilities, and other maintenance costs. The Company elected not to separate non-lease components with lease payments for the purpose of calculating lease right-of-use assets and liabilities. Non-lease components that are neither fixed nor variable based on an index or rate are expensed as incurred as variable lease payments. The Company's CAM, tax and electricity costs are expensed as incurred, as they are a variable cost that is not based on an index or rate.

Certain leases contain options to extend the lease term at prevailing market rates at the time of the renewal. Because management cannot predict the future economic landscape, it is not reasonably certain they will exercise the extension options. Therefore, the Company uses the base, non-cancelable, lease term when recognizing the lease assets and liabilities. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

As a matter of policy, the Company excludes leases with terms of 12 months or less (short-term leases) from the consolidated statements of financial position. Short-term lease expense is recognized on a straight-line basis over the expected term of the lease.

Sublease

Sublease revenue is recognized on a straight-line basis over the sublease term as Other Revenue in the consolidated statements of activities.

Cable and License Fees Payable

As a provider of programming to the American public through partnership with member stations, a provision of the Copyrights Act obligates the Company to distribute cable copyright and satellite license fees royalties for various title productions for a given calendar year to eligible producers. The amount of calendar year royalties is authorized by the Copyright Royalty Board. As a result, the Company acts as a pass through for its producer stakeholders and has a comprehensive producer validation and calculation process to determine distribution amounts following receipt of funds for a given calendar year.

The receipt of cable copyright funds for each calendar year is recorded as a liability in the accompanying consolidated statements of financial position pending distribution to eligible producers, which is reduced when payments are made and direct costs have been incurred to administer the funds.

Deferred Revenue

Deferred revenue represents revenues received in advance, which will be recognized in future periods as they are earned.

Deferred revenue consists of the following as of June 30 (in thousands):

	2026	2025
Sponsorship and underwriting	**$ 6,647**	$ 9,142
Licensing and royalties	**1,043**	979
Other deferred revenue	**531**	625
Total deferred revenue	**$ 8,221**	$ 10,746

Substantially all amounts deferred as of June 30, 2025, were recognized during the year ended June 30, 2026.

Revenue Recognition

Revenue recognized in accordance with FASB ASC Topic 958, *Presentation of Financial Statements of Not-For-Profit Entities*, include the following:

Imputed value of donated broadcast rights – In administering the National Program Service, PBS acquires and receives program productions and the related broadcast rights at cost which is estimated to be lower than fair market value because the production was directly funded in part by corporate and foundation underwriting.

Imputed value of donated broadcast rights meets the criteria for contributed non-financial assets and is recognized as revenue in the year the initial program is made available to member stations for initial broadcast. An equal amount of expense is recognized as content expense in the same year the corresponding revenue is recorded.

During 2026 and 2025, as reported by the producers, the imputed value of donated broadcast rights is recorded for the total amount of underwriting funds provided directly to producers for

specific programs. The underwriting funds is the difference between the fair market value and amount paid by PBS for the broadcast rights. Broadcast rights are designated for use in PBS' content programming area.

Grants and contributions – Contributions, including unconditional promises to give, are recognized as revenues in the period received or pledged. Contributions received are available for use unless specifically restricted by the donor. Amounts received that are designated for a future period or are restricted by the donor for specific purposes are reported as contributions with donor restrictions.

Conditional promises to give are not recognized until the conditions on which they depend are substantially met. The Company had approximately $3.9 million and $5.3 million in unrecognized conditional contributions other than from federal sponsors as of June 30, 2026 and 2025, respectively. The revenue related to conditional contributions other than from federal sponsors is conditioned upon completing metrics related to outreach and educator and student engagement, and program premieres on PBS. The amounts are recognized as contributions without donor restrictions in the consolidated statements of activities as the conditions are met. Of the outstanding conditional promise to give from grantors and donors, the Company has recorded a refundable advance of approximately $0.6 million and $4.3 million as of June 30, 2026, and 2025, respectively.

Grants and contributions include grants awarded by federal sponsors, which are generally considered nonreciprocal transactions restricted by sponsors for certain purposes and are recognized as revenue when qualifying reimbursable expenses have been incurred and conditions under the agreements are met. Federal grants are considered conditional contributions.

The remaining award balance on federal grants was approximately $0 and $0.2 million as of June 30, 2026 and 2025, respectively. This award balance is not recognized within the statements of financial position and was recognized as revenue as the project progresses and conditions are met, as allowable expenses are incurred. For the years ended June 30, 2026 and 2025, there were no refundable advances recorded related to federal grants since the Company typically requests payment only after obligations are incurred. For contributions made, conditional grants and contributions expense is recognized by the Company when the condition is satisfied by the grantee.

The Company was informed of the termination of the National Science Foundation grant, effective April 25, 2025, and the termination of the Ready-to-Learn Television grant effective May 2, 2025. The Company submitted final reimbursement requests for costs incurred through the effective termination dates of each grant and has collected outstanding grants and contribution receivable as of June 30, 2026 and 2025 of $0 and $2.4 million subsequent to year end, respectively. The unspent and undrawn funds of the Ready-to-Learn Television award was approximately $0 and $9.5 million as of June 30, 2026 and 2025, respectively.

The Company recognizes all other revenue in accordance with FASB ASC Topic 606, *Revenue from Contracts with Customers,* when it satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration the Company expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, the Company combines it with other performance obligations until a distinct bundle of goods or services

exists. Other than accounts receivable, no amounts have been recorded in the Company's consolidated statements of financial position with respect to contract assets as no material costs to obtain or fulfill a contract existed at that date. Amounts received in advance of services performed, but not yet earned, are held as prepayments and retainers, and are recorded as deferred revenue. Sales and other taxes the Company collects concurrent with revenue-producing activities are excluded from revenue. Shipping and handling fees charged to customers are reported within revenue.

Member assessments – PBS member stations pay an annual nonrefundable member assessment for access to programming and non-programming services. Programming services include the broadcast rights of the National Program Service, PBS PLUS and PBS Fundraising Programming, which consists of approximately 1,349 hours of programming and related promotion and support. Non-programming related services include digital products, education, and development.

Member assessments are invoiced thrice a year, based on amounts determined under the Company's dues formula. The membership period is July 1 – June 30, which corresponds with the Company's fiscal year. Revenue from member assessments is recognized over time during the membership year as membership benefits are provided, resulting in no related deferred revenue balance for the current annual membership period at year end. Sixty-five percent of the annual member assessment is due by November 30, twenty-five percent is due by March 31, and the remaining ten percent is due by June 30.

Ventures – In the following table, ventures revenue is disaggregated by type of services provided and consist of the following for the years ended June 30 (in thousands):

	2026	2025
Licensing and royalties	**$ 214,583**	$ 177,562
Product sales	**8,560**	6,703
Other ventures	**990**	1,014
Total ventures revenue	**$ 224,133**	$ 185,279

The Company recognizes significant financing components when payment is received one year or more after the initial revenue recognition. More detailed information about the revenue recognition policies for the above significant distribution revenue sources follows:

Licensing and royalties – Licensing and royalties are generated from the distribution of media content worldwide. Licensing revenue, which primarily consists of content distributed via subscription video on demand (SVOD), SVOD Channels, transactional video on demand (TVOD), and international program sales. Revenue from licensing is recognized at the point in time when the license period has started, all content assets have been delivered to the customer, and the usage has occurred, if applicable. Revenue from royalties is recognized over time as the customer receives the benefits over the period of the royalty term or as the subsequent sale or usage occurs for sales-based or usage-based royalties.

Product sales – Product sales primarily consist of sales of DVDs, Blu-rays, and merchandise. Revenue from product sales is recognized at a point in time when ownership is transferred.

Other ventures – Other ventures revenue, which includes revenue from contracts that are outside the normal course of the Company's distribution activities, are received and recognized at a point in time when the goods and services are rendered, and typically occur in the same fiscal year.

Other Revenue – In the following table, other revenue disaggregated by type of services provided, consists of the following for the years ended June 30 (in thousands):

	2026	2025
Sponsorship and underwriting	**$ 24,749**	$ 25,253
Meetings and events	**630**	854
Satellite services	**485**	505
Sublease revenue	**150**	-
Miscellaneous	**1,644**	2,312
Total other revenue	**$ 27,658**	$ 28,924

More detailed information about the revenue recognition policies for the above significant other revenue sources follows:

Sponsorship and Underwriting – Sponsorship and underwriting revenue includes amounts received in exchange for recognition within the Company's television or digital programming. The Company recognizes sponsorship and underwriting revenue at the time the spots are aired on television or included in online programming.

Meetings and Events – Meetings and events revenue includes amounts paid by or on behalf of meeting participants and sponsors. Registration fees are based on published fixed rates and collected either at the time of registration, in advance of the meeting resulting in a deferred revenue balance, or at the time that the meeting or event takes place and immediately recognized as revenue.

Meeting sponsorships, which are generally considered nonreciprocal transactions, are recognized when the conditions associated with providing the sponsorship are met at the meeting. As such, all meeting revenue is recognized upon completion of the respective meeting.

Satellite Services – Satellite services revenue includes commercial and non-commercial revenues generated from the sale of satellite capacity or uplink access to member stations as well as the sale of physical space on the Company's antenna to third party customers. Revenue from satellite services is based on a fixed contract price and billed either monthly or annually based on the contract provisions. Revenue from satellite services is recognized ratably over the contract period as services are provided.

Sublease Revenue – Sublease revenue represents revenue from the sublease described in Note 17.

Miscellaneous – Miscellaneous revenue, which includes various items ancillary to the Company's operations, are received and recognized when the goods and services are rendered, and typically occur in the same fiscal year.

Variable Consideration

The nature of the Company's business gives rise to variable considerations, including rebates, allowances, and returns that generally decrease the transaction price, which reduces revenue. These variable amounts are generally credited to the customer, based on product returns or price concessions. Variable consideration is estimated at the most likely amount that is expected to be earned. Estimated amounts are included in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will occur. Estimates of variable consideration are based upon historical experience and known trends.

Expenses

Expenses are recognized by the Company during the period in which they are incurred.

Advertising and Promotional Expenses

The Company expenses the costs of advertising and promotion as incurred. Total advertising and promotional expenses were $42.4 million and $35.6 million for the years ended June 30, 2026 and 2025, respectively.

Grant Expenses

Grant expenses are recognized when the expense is paid by the grantee and the Company receives the request for reimbursement for these expenses. As a grantor, the Company recognizes program grants expense once it executes a grant award and the grant becomes an enforceable liability (i.e., when substantially all conditions placed on the grantee are met).

Income Taxes

PBS and PBS Foundation are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except for taxes on unrelated business income. PBSd is subject to tax. PBSE and PBS Digital, LLC are treated as disregarded entities for tax purposes, and included on the tax returns of PBS. PBS UK is treated as a disregarded entity for tax purposes, and is included on the tax returns of PBSd.

PBS incurred $0.1 million and $0.2 million in income tax expense for unrelated business income for years ended June 30, 2026 and 2025, respectively. As of June 30, 2026 and 2025, PBS has not recorded a deferred tax asset for net operating loss carry forwards, since their realization is uncertain.

Under U.S. GAAP, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more-likely-than-not that the position will be sustained. The Company does not believe there are any unrecognized tax benefits that should be recorded. For the years ended June 30, 2026 and 2025, PBSd recognized interest and penalties of ($16,960) and $2,959, respectively. The Company is still open to examination by taxing authorities from fiscal year 2023 forward.

Allocation of Costs

The costs of providing the Company's programs and other activities have been summarized on a functional and natural basis in the accompanying consolidated statements of functional expenses. Expenses that can be identified with a specific program or supporting service are charged directly according to their natural expenditure classifications. Certain costs common to multiple functions have been allocated among the various functions benefited. Management and general expenses include those costs that are not directly identifiable with any specific function, but which provide for the overall support and direction of the Company. Accordingly, certain salaries and wages, and benefits, occupancy, office, and depreciation and amortization expenses have been allocated among program services, management and general, and fundraising.

The allocation method for expenses that have been allocated are as follows:

Expense	Method of Allocation
Office, depreciation and amortization, and occupancy costs	Full time headcount equivalent
Salaries and wages, and benefits	Salary expense by cost center, project and grant

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates and assumptions may also affect the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Pronouncements Issued But Not Yet Adopted

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740), Improvements to Income Tax Disclosures*. The ASU requires organizations to provide additional, disaggregated disclosures for income taxes paid, along with information about income from continuing operations before income tax expense on a disaggregated basis. Certain other disclosure requirements were eliminated. This update is effective for annual periods beginning after December 15, 2025 (the Company's fiscal year 2027). The Company is currently evaluating the impact of this ASU on its consolidated financial statements.

In July 2025, the FASB issued Accounting Standards Update (ASU) 2025-05, *Financial Instruments – Credit Losses (Topic 326)*. Measurement of Credit Losses for Accounts Receivable and Contract Assets. The amendments in this ASU provide: (1) Practical expedient. In developing reasonable and supportable forecasts as part of estimating expected credit losses, all entities may elect a practical expedient that assumes that current conditions as of the balance sheet date do not change for the remaining life of the asset. (2). Accounting policy election. An entity other than a public business entity that elects the practical expedient is permitted to make an accounting policy election to consider collection activity after the balance sheet date when estimating expected credit losses.

The amendments are expected to provide decision-useful information to financial statement users while reducing the time and effort necessary to analyze and estimate credit losses for current accounts receivable and current contract assets. This update is effective for annual reporting periods beginning after December 15, 2025 (the Company's fiscal year 2027). Management is currently evaluating the impact of this guidance will have on the Company's consolidated financial statements.

In September 2025, the FASB issued Accounting Standard Update (ASU) 2025-06, *Targeted Improvements to the Accounting for Internal-use Software*, which amends certain aspects of the accounting for and disclosure of software costs under ASC 350-40. This ASU removes all references to "development stages" from ASC 350-40. Under current GAAP, capitalization of software development costs for internal-use software is required once the preliminary project stage is complete. Under this ASU, entities can begin capitalizing software costs if management implicitly or explicitly authorizes and commits to funding a computer software project, and it is probable that the project will be completed and the software will be used to perform the function intended. This ASU is effective for all entities for annual reporting periods beginning after December 15, 2027 (the Company's fiscal year 2029). Early adoption is permitted as of the beginning of an annual reporting period. The Company is currently evaluating the impact the adoption of this ASU will have on its consolidated financial statements.

2. Liquidity and Availability

The Company's financial assets available within one year of the consolidated statements of financial position date for general expenditure without donor or other restrictions limiting their use are as follows (in thousands):

	2026	2025
Cash and cash equivalents	**$ 325,295**	$ 238,218
Investments	**213,824**	193,977
Accounts receivable, net of allowance	**47,801**	70,243
Grants and contributions receivable, net of allowance	**30,576**	57,226
Financial assets, as of June 30	**617,496**	559,664
Less those unavailable for general expenditures within one year, due to:		
Cable and license fees payable	**(62,751)**	(53,222)
Refundable advance	**(572)**	(4,290)
Donor imposed restrictions:		
Restricted by donor with purpose and time restrictions	**(211,516)**	(190,644)
Board designated endowment fund	**(29,602)**	(25,680)
Total financial assets available to meet cash needs for general expenditures within one year	**$ 313,055**	$ 285,828

The Company structures its financial assets to be available to meet its cash flow needs by preparing quarterly financial forecasts that analyze revenue and expense projections, controlling operating and capital expenditures, and closely managing daily receipts and cash disbursements. The goal of

the steps outlined above is to optimize the sources and uses of available funds for programs and operations based on the Company's projected cash flow.

Endowment funds consist of donor-restricted endowments and board designated endowments. Income from donor-restricted endowments that are restricted for specific purposes are not available for general expenditure. As described in Note 15, a determination of the amount available for distribution is performed annually utilizing the calculation provided in the Endowment Fund Expenditure and Accumulation Policy.

The Company has $29.6 million and $25.7 million in board designated endowment funds, as of June 30, 2026 and 2025, respectively, which are available, with board approval, to meet cash needs for general expenditure within one year of the date of the consolidated statements of financial position. The remainder of total board designated net assets are immediately available to meet cash needs for general expenditure towards the execution of management's strategic priorities that include the acquisition and promotion of content for the National Program Service and are available for general expenditure. On an annual basis, management reports the usage of the board designated net assets to the board.

Although the Company does not intend to spend the long-term investments in excess of the annual spending rule, these amounts could be made available, if necessary.

As described in Note 10, the Company has a credit facility with a committed line-of-credit with availability of up to $50 million, which it could draw upon in the event of an unanticipated liquidity need. The Company also invests excess cash in short-term investments and money market funds that could be liquidated if needed.

3. Description of Functional Activities

The following is a description of the Company's functional activities:

Content and Promotion – A core function under PBS' mission as a multi-platform media organization and represents costs associated with the diverse content offered to its 151-member public television licensees. PBS' wide array of content expands the minds of children, includes documentaries that enlighten the public on new worlds, non-commercialized news programs that keep citizens informed on world events and cultures and programs that expose America to the worlds of music, theater, dance, and art.

As America's largest classroom, PBS is available to all of America's children and offers educational media that helps prepare children for success in school and in life. PBS is committed to bringing the power of media into the classroom and helping educators to engage students in new and different ways.

It also represents institutional and program promotion and press efforts intended to increase viewership and increase awareness of the value of public television. These activities provide public television stations with a broad array of promotional support, including on-air and online promotional spots, social media, print and radio advertising, press support and the coordination of public television's educational message and positioning.

Member Services – Represents services provided to PBS' member stations, including digital products and services, development, and copyright administration.

Distribution and Information Technology – Represents Network, Media, and Satellite Operation Centers handling, technical evaluation, and other pre-transmission processing of all program video; program origination transmission including operational support for news and other live event coverage, and the scheduling and logging of all satellite feeds. This expense category also includes other technical research and planning, and the oversight, lease, and acquisition of satellite capacity.

Ventures – Represents activities associated with marketing and selling programs across multiple platforms, including subscription video-on-demand, digital content, producing and manufacturing physical goods such as DVD and Blu-ray products and program-related products; the licensing, development, and distribution of interactive products; the licensing of video content to commercial online and mobile service providers; and online sponsorship activities.

Other – Represents amounts distributed to public broadcasting stations and producers from cable and license fee revenue received from cable and satellite providers.

Management and General – Represents overhead costs, including accounting, administration, finance, human resources, information technology and legal, associated with the operations of the Company. Cable copyright and grants administration overhead cost recoveries are netted against other expenses in the consolidated statements of functional expenses.

Fundraising – Represents costs incurred to raise funds and perform activities in support of PBS' mission, the vast majority of which is incurred by PBS Foundation. Acting collaboratively and cooperatively with PBS member stations, the Foundation works to secure the extraordinary funding necessary to maintain and enhance PBS' commitment to serving the American public through public media.

4. Concentrations of Credit Risk

The Company maintains its operating cash balances at a financial institution, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash.

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of investments held at creditworthy financial institutions. By policy, these investments are kept within limits designed to prevent risks caused by concentration.

Approximately 85% and 98% of the Company's grants and contributions receivable as of June 30, 2026 and 2025, respectively, are due from three grantors. As of June 30, 2025, The Corporation for Public Broadcasting (CPB) comprised 41% of the Company's grants and contributions receivable and ceased operations in January 2026. Subsequent to June 30, 2025, the Company collected 100% of the outstanding receivable balance from CPB.

Approximately 70% and 87% of the Company's trade accounts receivable for the years ended June 30, 2026 and 2025, respectively, were due from one customer. Approximately 23% and 19% of the Company's revenues during fiscal years 2026 and 2025, respectively, were generated from one customer. The Company believes the credit risk is mitigated based on a long history with these grantors and customers, and management's ongoing considerations around collectability of its receivables.

5. Cash and Cash Equivalents

As of June 30, 2026 and 2025, the Company had $190.0 million and $172.2 million, respectively, in funds received with donor restrictions due to purpose restrictions invested in money market accounts. These amounts are restricted to support the deployment of the public television interconnection system, and content development and promotion, and are included in cash and cash equivalents in the consolidated statements of financial position.

6. Investments

The Company's investments consist of the following as of June 30 (in thousands):

	2026	2025
Current:		
Fixed income funds	**$ 42,001**	$ 40,302
U.S. equity securities	**41**	-
Money market funds	**14**	20
	42,056	40,322
Noncurrent:		
U.S. equity securities	**133,017**	113,709
Fixed income funds	**37,197**	36,182
Foreign equity securities	**-**	2,355
Money market funds	**1,554**	1,409
	171,768	153,655
Total investments	**$ 213,824**	$ 193,977

Net investment return for the years ended June 30, 2026 and 2025 consist of the following (in thousands):

	2026	2025
Interest and dividends, net	**$ 16,390**	$ 11,113
Realized gains	**7,663**	8,769
Unrealized gains	**12,201**	4,378
Total investment return, net	**$ 36,254**	$ 24,260

Interest and dividends are reported net of related expenses, such as custodial, commission, and investment advisory fees.

7. Fair Value of Financial Instruments

U.S. GAAP establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring inputs that are most observable be used when available. Observable inputs are those that market participants operating within the same marketplace as the Company would use in pricing the Company's asset or liability

based on independently derived and observable market data. Unobservable inputs are those that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of the Company are traded. The Company estimates the price of such assets for which there are only unobservable inputs by using assumptions that market participants that have investments in the same or similar assets would use as determined by the money managers for each investment based on the best information available in the circumstances.

The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable as follows:

Level 1 - Valuation based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment. The fair value of U.S. equity securities, fixed income funds, money market funds, and foreign equity securities are based on quoted market prices at the reporting date for those or similar investments.

Level 2 - Valuation based on quoted market prices of investments that are not actively traded or for which certain significant inputs are not observable, either directly or indirectly. The fair value of the annuity liabilities is estimated using a discounted cash flow analysis based on the current U.S. Treasury rate for the applicable term.

Level 3 - Valuation based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

For gifts that establish charitable gift annuities, the contributed assets are recognized at fair value using quoted market prices at the date of the annuity agreements. An annuity liability is recognized for the present value of future cash flows expected to be paid to the donor or the donor's designee. Present values are calculated using average U.S. Treasury bill rates and donors' life expectancies. Liabilities are adjusted during the term of the annuities for payments, accretion of discounts and changes in life expectancies. The Company uses the 2012 Individual Annuity Reserving table compiled from the National Association of Insurance Commissioners for life expectancies.

The following table sets forth the Company's financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2026 (in thousands):

Description	Level 1	Level 2	Level 3	Total
Assets:				
U.S. equity securities	$ 133,058	$ -	$ -	$ 133,058
Fixed income funds	79,198	-	-	79,198
Money market funds	1,568	-	-	1,568
Total assets, at fair value	$ 213,824	$ -	$ -	$ 213,824
Annuity liabilities	$ -	$ 344	$ -	$ 344

The following table sets forth the Company's financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2025 (in thousands):

Description	Level 1	Level 2	Level 3	Total
Assets:				
U.S. equity securities	$ 113,709	$ -	$ -	$ 113,709
Fixed income funds	76,484	-	-	76,484
Money market funds	1,429	-	-	1,429
Foreign equity securities	2,355	-	-	2,355
Total assets, at fair value	$ 193,977	$ -	$ -	$ 193,977
Annuity liabilities	$ -	$ 239	$ -	$ 239

8. Grants and Contributions Receivable

The anticipated cash flows from grants and contributions receivable consist of the following as of June 30 (in thousands):

	2026	2025
Unconditional promises to give expected to be collected in:		
Less than one year	**$ 23,316**	$ 47,687
One to five years	**7,805**	11,636
Subtotal	**31,121**	59,323
Less unamortized discount	**(376)**	(1,590)
Less allowance for uncollectible grants and contributions receivable	**(169)**	(507)
Grants and contributions receivable, net	**$ 30,576**	$ 57,226

The discount rates used in determining the net present value of noncurrent contributions range from 4.07% to 5.38%.

9. Property and Equipment, Net

The Company's property and equipment, net of accumulated depreciation and amortization, consists of the following as of June 30 (in thousands):

	2026	2025
Land and building	$ 30,618	$ 30,494
Broadcasting equipment	87,444	87,447
Furniture and equipment	7,967	7,967
Computer and software	58,280	56,393
Software and website development costs	-	181
Mobile applications	2,154	2,154
Leasehold improvements	15,270	15,270
	201,733	199,906
Less accumulated depreciation and amortization	(174,783)	(168,793)
Total property and equipment, net	$ 26,950	$ 31,113

Depreciation and amortization of property and equipment amounted to $6.1 million and $6.3 million for the years ended June 30, 2026 and 2025, respectively. The Company disposed of fully depreciated property and equipment amounting to $0 and $31,000 for the years ended June 30, 2026 and 2025, respectively.

10. Debt

Line-of-Credit

PBS has a credit facility with a committed line-of-credit with availability of up to $50 million, which was amended in April 2026 with an expiration date of May 31, 2027. The line-of-credit incurs interest at the sum of the Secured Overnight Financing Rate (SOFR) + 0.90% and has an unused balance fee of 0.25%. Interest expense related to the line-of-credit was zero in fiscal years 2026 and 2025, respectively. For the years ended June 30, 2026 and 2025, the Company did not draw on the line of credit. As of June 30, 2026 and 2025, there was no amount outstanding on the line-of-credit.

PBS is subject to certain financial covenants under the line-of-credit agreement. All covenants have been met by PBS as of June 30, 2026 and 2025.

11. Minority Interest

Minority interest represents the ownership interests of the minority owner in PBSd of 40%. The amounts shown in the consolidated statements of activities represent the minority owner's share of the net income of PBSd for the fiscal years then ended. The amounts shown in the consolidated statements of financial position and consolidated statements of cash flows are net of cash distributions by PBSd to the minority owner.

The minority interest balance for the years ended June 30, 2026 and 2025 consists of the following (in thousands):

	2026	2025
Beginning balance, minority interest	$ **49,445**	$ 45,332
Share of PBSd fiscal year net income	**18,791**	15,321
Cash distributions to minority ownership	**(17,917)**	(11,208)
Ending balance, minority interest	$ **50,319**	$ 49,445

12. Net Assets Without Donor Restrictions – Board Designated Net Assets

Board designated net assets consist of the following as of June 30 (in thousands):

	2026	2025
Content	$ **146,614**	$ 173,409
Roadmap to the future	**67,111**	67,005
Investment gains	**63,310**	48,635
PBS endowment fund	**29,602**	25,680
Digital and content initiatives	**5,346**	5,346
PBS Foundation board designated	**3,226**	3,226
Strategic Investment	**2,147**	2,353
Total net assets without donor restrictions – board designated	$ **317,356**	$ 325,654

13. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of June 30 (in thousands):

	2026	2025
Subject to expenditure for specified purpose and passage of time:		
Content	$ **88,886**	$ 54,765
Technical products and services	**99,860**	127,265
Other grants	**17,028**	2,872
	205,774	184,902
Not subject to appropriation or expenditure:		
Original donor-restricted endowment amount and amounts required to be retained by donor	**5,742**	5,742
Total net assets with donor restrictions	$ **211,516**	$ 190,644

14. Net Assets Released from Restrictions

Net assets were released from donor restrictions during the years ended June 30, 2026 and 2025 as follows (in thousands):

	2026	2025
Purpose and time restrictions accomplished:		
Content	$ **49,233**	$ 62,875
Technical products and services	**34,011**	32,608
Other grants	**2,745**	19,263
Total restrictions released	$ **85,989**	$ 114,746

15. Endowment

The PBS Endowment Fund consists of individual funds established for a variety of purposes. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed stipulations.

Description of Endowment Funds

The Company has both donor-restricted and Board designated endowment funds.

Donor-Restricted Endowment Funds:

The Iris and Joseph Pollock Fund: To provide for the broadcast and dissemination of classical music programming.

News, Journalism, and Public Affairs Fund of the PBS Endowment Fund: To support news, journalism, and public affairs programming, particularly in the areas of investigative journalism found in programs like PBS NewsHour and FRONTLINE, broadcast by PBS.

Board Designated Fund:

PBS Endowment Fund: To provide a continued source of income for operations, special projects, capital improvements or for emergency needs.

The distribution of endowment net assets between donor-restricted and board designated as of June 30, 2026 and 2025 (in thousands) are as follows:

June 30, 2026	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment fund	$ **-**	$ **8,762**	$ **8,762**
Board designated endowment fund	**29,602**	**-**	**29,602**
Total endowment net assets	$ **29,602**	$ **8,762**	$ **38,364**

June 30, 2025	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment fund	$ -	$ 7,919	$ 7,919
Board designated endowment fund	25,680	-	25,680
Total endowment net assets	$ 25,680	$ 7,919	$ 33,599

Changes in endowment net assets for the years ended June 30, 2026 and 2025 (in thousands):

June 30, 2026	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Beginning of year	**$ 25,680**	**$ 7,919**	**$ 33,599**
Contributions and additions	**215**	**-**	**215**
Investment return, net	**3,707**	**1,126**	**4,833**
Distributions	**-**	**(283)**	**(283)**
End of year	**$ 29,602**	**$ 8,762**	**$ 38,364**

June 30, 2025	Without Donor Restrictions	With Donor Restrictions	Total
Beginning of year	$ 18,555	$ 7,376	$ 25,931
Contributions and additions	4,807	-	4,807
Investment return, net	2,318	808	3,126
Distributions	-	(265)	(265)
End of year	$ 25,680	$ 7,919	$ 33,599

Funds with Deficiencies

The Company is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) of the Commonwealth of Virginia. The fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Company to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations that erode the accumulated gains of the endowments restricted in perpetuity, as well as continued appropriation for certain programs to maintain the spending power of the programs. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Company considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the applicable donor gift instrument.

In accordance with the Endowment Fund Expenditure and Accumulation Policy, the Endowment Fund Committee of PBS Foundation's Board of Directors has interpreted UPMIFA to allow spending, at their discretion, on underwater endowments to maintain the spending power of programs in any given year. The Company considers the following factors in making the determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions,

(4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Company and (7) the Company's investment policies. Temporary deficiencies of this nature are reported as net assets with donor restrictions. Future gains restore the balance of the endowment to be maintained in perpetuity to return the individual endowment funds to their required levels as stipulated by the donors or UPMIFA. There were no funds with a deficiency as of June 30, 2026 and 2025.

Endowment Investing Policies

Permanent endowments and other endowments are aggregated into a single investment pool to permit optimal investment allocation. The Company's primary investment objectives are to preserve the portfolio's purchasing power through asset growth in excess of the spending distribution, plus the rate of inflation and to invest assets in order to maximize the long-term return while assuming a reasonable level of risk.

The investment portfolio is composed of equity securities, fixed income and money market funds. PBS' Investment Committee monitors the portfolio and the investment manager and advises the PBS Foundation Endowment Fund Committee on investment matters in accordance with the Endowment Fund Investment Policy Statement.

Endowment Spending Policy

Endowment gifts are spent in accordance with the wishes of the donor. A determination of the amount available for distribution is performed annually utilizing the calculation provided in The Endowment Fund Expenditure and Accumulation Policy. In the first or second quarter of each fiscal year the PBS Investment Committee is responsible for reporting to the PBS Foundation Endowment Committee the annual distribution amount. The annual distribution amount is calculated as 4% of a rolling average of the end-of-quarter market value of the endowment fund for the preceding 20 calendar quarters, as determined in the first quarter of the Company's fiscal year. During the first five years of a Fund's existence, the amounts shall be determined based on the rolling average of however many preceding calendar quarters during which the endowment fund has been in existence. The PBS Foundation Endowment Fund Committee is responsible for determining on an annual basis the amount of funds, if any, to expend from the endowment fund. The PBS Investment Committee shall follow the expenditure decisions and directives provided by the PBS Foundation Endowment Fund Committee.

16. Retirement Plans

Retirement benefits are provided for all eligible employees under defined contribution retirement plans (the Plans). Expenses related to the Plans were $7.4 million and $7.6 million in fiscal years 2026 and 2025, respectively.

17. Leases

PBS has an operating lease for its headquarters facility in Arlington, Virginia. The lease commenced on September 26, 2020, and the initial term ends on August 31, 2036. In addition to base rent, PBS is required to pay its pro rata share of real estate taxes and operating expenses. The lease contains a 16-month rent abatement period and a tenant improvement allowance. There is one option to renew for a single 5-year term, as well as an option for a short-term extension for six months. PBS does not consider the exercise of either of these options to be reasonably certain and has not

reflected the option periods in the lease term and lease payments. The lease contains no residual value guarantee and is based solely on fixed payment arrangements.

PBSd's operating lease commenced effective January 1, 2023, with a five-year term. PBSd recorded an initial right-of-use asset and lease liability of $1.4 million on the commencement date.

Rental payments under these leases include base rental amounts for the terms of each lease unless the lease contains variable costs (e.g., utilities, real estate taxes, operating expenses such as janitorial and common area maintenance, water, and insurance) based on an index or rate. If a lease does include indexed or variable costs at a specific rate, the Company includes those costs as part of operating lease expense.

Other leases contain variable costs for expenses which are not based on an index or rate. These variable lease payments are determined based on actual expenses incurred by the lessor and passed to the Company on a periodic basis. The Company expenses these non-lease components as incurred.

PBS also has lease agreements for storage space and copier equipment. The total payments for these leases are not material to the consolidated financial statements, and they are expensed as paid.

Leases include fixed and variable rental payments. In 2026 and 2025, the Company recognized rent expense included as part of occupancy costs in the consolidated statements of functional expenses as follows:

Years ended June 30,	**2026**	2025
Operating lease cost:		
Fixed rent expense	**$ 4,648**	$ 4,648
Variable rent expense	**1,730**	1,485
Occupancy costs	**$ 6,378**	$ 6,133

Future minimum lease payments on the Company's operating leases as of June 30, 2026 are as follows (in thousands):

Years ending June 30,	
2027	**$ 5,670**
2028	**6,009**
2029	**6,176**
2030	**6,529**
2031	**6,892**
Thereafter	**37,954**
Undiscounted future cash flows	**69,230**
Less imputed interest (at a rate of 3.07%)	**(10,345)**
Total operating lease liabilities	**$ 58,885**

Supplemental information related to the Company's operating leases is as follows:

	2026	2025
Cash paid for amounts included in measurement of lease liabilities - Operating cash flows (in thousands)	**$ 5,181**	$ 5,042
Weighted-average remaining lease term (in years)	**10.2**	11.2
Weighted-average discount rate	**3.07%**	3.07%

Sublease

In December 2025, PBS entered into a sublease agreement with an unrelated third party. The sublease term for Premise A commenced on April 1, 2026 and the sublease term for Premise B commences April 1, 2027. Both sublease terms expire December 31, 2033. The sublease contains one option to renew for a single thirty-two month period. This option is not deemed reasonably certain to be exercised. There is no option to purchase the space. The sublease provides for fixed monthly base rent plus the subtenant's proportionate share of operating expenses and real estate taxes, which are recognized as variable lease payments in the period the obligation is incurred. The subtenant has provided a security deposit to be applied to the first month's rent, and each premise has an abatement period.

Because the sublease is classified with reference to the underlying asset rather than the right-of-use asset, and does not transfer substantially all of the remaining benefits of the underlying property to the subtenant, PBS has classified the sublease as an operating lease. PBS remains the primary obligor under the head lease and was not released from its obligations by the sublessor arrangement. Accordingly, PBS continues to recognize the right-of-use asset and lease liability associated with the subleased space, and continues to recognize head lease cost on a straight-line basis over the head lease term. Sublease revenue is recognized on a straight-line basis over the sublease term and is presented separately from lease cost; PBS does not offset sublease revenue against head lease cost. Sublease revenue is reported as part of Other Revenue in the consolidated statements of activities, and is recognized on a straight-line basis over the sublease term.

The Company recognized sublease revenue of $0.2 million for the year ended June 30, 2026.

Undiscounted cash flows to be received under the sublease as of June 30, 2026 were as follows (in thousands):

Years ending June 30,	
2027	**$ 298**
2028	**785**
2029	**952**
2030	**1,016**
2031	**1,052**
Thereafter	**2,792**
Total sublease revenue	**$ 6,895**

The maturity analysis above excludes variable payments for operating expenses and real estate taxes, which are not fixed and excluded from the measurement of sublease payments. Sublease payments have not been reduced to present value and are not netted against the undiscounted head

lease payments disclosed earlier. There were no allowances for credit losses on operating sublease receivables as of June 30, 2026.

18. Commitments

Technical Equipment Service Arrangements

PBS is obligated under various non-cancelable contracts for satellite transponders in approximate annual amounts, excluding renewal options available after June 30, 2026 and 2025, totaling $1.7 million for both years.

Programming

PBS has current unpaid commitments of $114.8 million for programs that have not yet been made available for broadcast. These commitments will be funded primarily from the member assessments and from other funding sources.

19. Contingencies

The Company is party to various claims, legal actions and complaints arising from its distribution of programming to member stations and from its video sales and other operations in the ordinary course of business. The Company is generally indemnified contractually by program producers and is also covered by insurance, subject to a deductible amount, for any claims that might be payable by the Company as a result of its distribution of programs to stations. Management believes, based upon advice of counsel, that the disposition of any such matters will not have a material adverse effect on the consolidated financial position of the Company.

The Company receives a portion of its revenue from contracts and grants which are subject to audit by the granting agencies. The ultimate determination of amounts received under these contracts and grants is generally based upon allowable costs required to be reported to and audited by the grantor. Until such audits have been completed and final settlement reached, there exists a contingent liability to refund any amounts received in excess of allowable costs. Management is of the opinion that no significant liability will result from audit adjustments, if any.

20. Subsequent Events

The Company has evaluated subsequent events through November 5, 2026, which is the date the consolidated financial statements were available to be issued. There were no events that required adjustment to or disclosure in the consolidated financial statements.