

SMOKY HILLS PUBLIC TELEVISION CORPORATION

Bunker Hill, Kansas

FINANCIAL STATEMENTS

June 30, 2025

SMOKY HILLS PUBLIC TELEVISION CORPORATION
Bunker Hill, Kansas
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March 12, 2026

Board of Directors
Smoky Hills Public Television Corporation
Bunker Hill, Kansas

Independent Auditor's Report

Opinion

We have audited the financial statements of Smoky Hills Public Television Corporation (the Organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2025, and the changes in its net assets and its cash flows for the year 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Organization 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 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 Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's 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 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 financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 Organization'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Federal Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2026 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control over financial reporting and compliance.

Vayne & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

SMOKY HILLS PUBLIC TELEVISION CORPORATION
 Bunker Hill, Kansas
STATEMENT OF FINANCIAL POSITION
 June 30, 2025

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 2,921,382
Certificates of deposit	1,086,000
Trade receivables	44,531
Prepaid expenses	7,924
Total Current Assets	<u>\$ 4,059,837</u>

PROPERTY AND EQUIPMENT

Land	\$ 25,767
Buildings	522,932
Station equipment	8,171,032
Automobiles	59,574
Office furniture and equipment	13,454
Construction in process	2,405,020
	<u>\$ 11,197,779</u>
Less: Accumulated depreciation	<u>7,519,774</u>
Net Property and Equipment	<u>\$ 3,678,005</u>

INTANGIBLE ASSETS

Service agreements	\$ 50,000
Less: Accumulated amortization	37,333
Net Intangible Assets	<u>\$ 12,667</u>

TOTAL ASSETS

\$ 7,750,509

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 33,844
Grants payable	232,125
Accrued compensated absences and other expenses	54,839
Deferred revenue	1,912
Total Current Liabilities	<u>\$ 322,720</u>

NET ASSETS

Without donor restrictions	\$ 6,530,211
With donor restrictions	897,578
Total Net Assets	<u>\$ 7,427,789</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 7,750,509

SMOKY HILLS PUBLIC TELEVISION CORPORATION

Bunker Hill, Kansas

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUES			
Operating and other grants	\$ 234,382	\$ 1,141,184	\$ 1,375,566
Memberships	206,195	-	206,195
Underwriting	270,569	-	270,569
Rental income	37,734	-	37,734
Net investment income	137,226	-	137,226
Miscellaneous	59,428	-	59,428
Total Operating Revenues	\$ 945,534	\$ 1,141,184	\$ 2,086,718
Net assets released from restrictions	3,899,176	(3,899,176)	-
Total Operating Revenues and Net Assets Released from Restrictions	\$ 4,844,710	\$ (2,757,992)	\$ 2,086,718
OPERATING EXPENSES			
Program expenses	\$ 1,264,887	\$ -	\$ 1,264,887
Management and general expenses	852,278	-	852,278
Fundraising expenses	95,248	-	95,248
Total Operating Expenses	\$ 2,212,413	\$ -	\$ 2,212,413
CHANGE IN NET ASSETS	\$ 2,632,297	\$ (2,757,992)	\$ (125,695)
NET ASSETS - BEGINNING OF YEAR	3,897,914	3,655,570	7,553,484
NET ASSETS - END OF YEAR	\$ 6,530,211	\$ 897,578	\$ 7,427,789

SMOKY HILLS PUBLIC TELEVISION CORPORATION
 Bunker Hill, Kansas
STATEMENT OF FUNCTIONAL EXPENSES
 For the Year Ended June 30, 2025

	Program	Management and General	Fundraising	Total
Salaries and wages	* \$ 538,396	\$ 67,300	\$ 67,299	\$ 672,995
Employee benefits	* 120,917	15,115	15,114	151,146
Payroll taxes	* 40,694	5,087	5,086	50,867
Professional fees	* 44,120	44,119	-	88,239
Advertising and promotion	10,558	-	-	10,558
Office expenses	* 25,127	14,633	6,831	46,591
Information technology	-	3,116	-	3,116
Occupancy	-	1,970	-	1,970
Travel	17,010	-	-	17,010
Depreciation and amortization	-	278,512	-	278,512
Insurance	-	159,171	-	159,171
Programming rights	319,708	-	-	319,708
Utilities	-	135,207	-	135,207
Membership dues	52,690	-	-	52,690
Miscellaneous	* -	128,048	918	128,966
Loss on disposition of assets	95,667	-	-	95,667
Total Expenses	\$ 1,264,887	\$ 852,278	\$ 95,248	\$ 2,212,413

* This expense line contains joint costs that are attributed to more than one program or support function and these joint costs have been allocated on the basis of estimates of time and effort.

SMOKY HILLS PUBLIC TELEVISION CORPORATION

Bunker Hill, Kansas

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (125,695)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation expense	276,512
Amortization expense	2,000
Gain/(Loss) on sale of assets	95,667
Changes in assets and liabilities	
Trade receivables	(6,930)
Grant receivables	1,638,250
Prepaid expenses	(12)
Accounts payable	8,859
Accrued liabilities	5,239
Grants payable	232,125
Deferred revenue	108
Net Cash Provided by Operating Activities	<u>\$ 2,126,123</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Change in certificates of deposit	\$ (54,000)
Purchase of fixed assets	(2,680,394)
Net Cash Used in Investing Activities	<u>\$ (2,734,394)</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

\$ (608,271)

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR

3,529,653

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 2,921,382

SMOKY HILLS PUBLIC TELEVISION CORPORATION

Bunker Hill, Kansas

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

Note 1: Organization and Significant Accounting Policies

Organization

Smoky Hills Public Television Corporation (the Organization) is a nonprofit organization established as part of a plan to extend public television to unserved areas of western Kansas, broadcasting educational television and providing quality programming and cultural telecommunication services to educate and inspire the social awareness of the broadcast area's communities and residents.

Accrual Basis of Accounting

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of six months or less to be cash equivalents. The Organization maintains cash balances at several financial institutions. Accounts at each institution are insured by the FDIC up to \$250,000. At June 30, 2025 there were \$3,300,170 of deposits across three financial institutions in excess of the \$250,000 FDIC insurance.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Net Assets

The Organization is required to report information regarding its financial position and activities according to two classes of net assets. The net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Donor-imposed restrictions that are met in the same fiscal year they are received are classified as net assets without donor restrictions. The net assets with donor restrictions at December 31, 2025 consists of capital campaign contributions and donor restricted contributions that have not yet been satisfied by payments. Capital campaign contributions restricted for use in building improvements, maintenance and repairs are in an account titled Building Fund in Other Assets. The release of restriction for December 31, 2025 is satisfaction of the stipulated purpose for use of building improvements, maintenance, and repairs incurred during the year.

SMOKY HILLS PUBLIC TELEVISION CORPORATION
 Bunker Hill, Kansas
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2025

Note 1: Organization and Significant Accounting Policies (Continued)

Contributions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment. Otherwise, donor restrictions on contributions of property and equipment or assets restricted for purchase of property and equipment are considered to expire when the assets are placed in service. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in a fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Contributed Services

During the year ended June 30, 2025 and 2024, the value of contributed services meeting the requirements for recognition in the financial statements was \$0. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services. Only donated professional services for the year ended June 30, 2025 are being reported.

Property and Equipment

Purchased property and equipment are capitalized at cost. Donated property and equipment are recorded at their estimated fair value. It is the Organization's policy to capitalize property and equipment over \$2,500.

Property and equipment are depreciated using the straight-line method. Estimated useful lives used in the computation of depreciation are as follows:

	Years
Building and improvements	15 - 31
Station equipment	3 - 20
Automobiles	5
Office furniture and equipment	3 - 7

Maintenance, repairs and renewals which neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. Gains or losses on dispositions of property and equipment are included in revenue.

Functional Allocation of Expenses

The costs of providing the programs and activities of the Organization have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among program services and supporting services.

SMOKY HILLS PUBLIC TELEVISION CORPORATION
Bunker Hill, Kansas
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2025

Note 1: Organization and Significant Accounting Policies (Continued)

Subsequent Events

The Organization has evaluated subsequent events through the date of this report, which is the date the financial statements were available to be issued.

Income Taxes

The Organization is a non-profit, non-stock corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is, however, subject to income taxes on any unrelated business income. The Organization adopted FASB Accounting Standards Codification (FASB ASC), ASC 740, Accounting for Uncertainty in Income Taxes on July 1, 2009. As a result of the adoption, management has determined that there were no unrecognized tax benefits or liabilities as of June 30, 2025.

The Organization's federal exempt organization tax returns for the year ended June 30, 2025 are subject to examination by the Internal Revenue Service, generally three years after they are filed.

Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2016-02 (ASU No. 2016-20), Leases (Topic 842) that replaces existing lease guidance. The accounting applied by the lessor under Topic 842 is largely unchanged from previous GAAP. Some changes to the lessor accounting guidance were made to align both of the following: 1) the lessor accounting guidance with certain changes made to the lessee accounting guidance, and 2) key aspects of the lessor accounting model with revenue recognition guidance. The Organization adopted the standard effective July 1, 2022. Adopting the standard did not have a material impact to its financial statements.

Current Expected Credit Losses (CECL)

The Organization has adopted the Current Expected Credit Losses (CECL) accounting standards, as per Accounting Standards Update (ASU) No. 2016-13, "Financial Instruments - Credit Losses (Topic 326)". The standard introduces a new model for estimating credit losses on financial instruments. After a thorough evaluation, management has determined the impact of adopting the CECL standard on the financial statements is immaterial. The Organization has considered factors such as historical loss experience, current economic conditions, and other relevant factors in its credit loss estimation process. As a result, the adoption of the CECL standard has not had a material impact on the Organization's financial position, results of operations, or cash flows. The Organization will continue to monitor developments related to the CECL standard and will provide updates as necessary in future financial statement disclosures.

Intangible Assets - Net

Intangible assets consist of two fiber optic transport service agreements, which are recorded at cost and amortized via straight line method over ten years.

Note 2: Cash and Cash Equivalents

Cash and cash equivalents consist of the following as of June 30, 2025:

Cash in bank - Operating	\$ 548,370
Cash in bank - Capital	469,724
Cash in bank - Other cash accounts	1,903,288
	<u>\$ 2,921,382</u>

SMOKY HILLS PUBLIC TELEVISION CORPORATION
 Bunker Hill, Kansas
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2025

Note 3: Investments

The Organization's investments consist solely of certificates of deposit held at various financial institutions. The deposits range in maturity from 6 to 12 months and have interest rates ranging from 4.00% to 4.80% as of June 30, 2025. The certificates are recorded at cost and are not required to be classified in one of the levels prescribed by the fair value hierarchy.

Note 4: Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of restrictions within one year of the balance sheet date.

Financial assets at June 30, 2025	\$ 4,051,913
Less: Those not available for general expenditure, due to Donor imposed restrictions	897,578
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 3,154,335

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, as part of its liquidity management, the Organization invests cash in various short-term certificates of deposits.

Note 5: Intangible Assets

The Organization entered into a twenty-five year agreement related to the Brewster Tower. The \$50,000 balance is being amortized over twenty-five years.

Note 6: Accrued Compensated Absences

The Organization's policy provides for the compensation of absences due to sick leave and vacation. Each employee is allowed to carryover a maximum total earned vacation of 40 hours each calendar year. Any hours accrued and not taken will be lost unless proper approval is obtained from administration. Only vacation pay is reimbursed at termination if not used, and is accrued for financial statement presentation. The liability for accumulated compensated absences at June 30, 2025 was \$37,752. These amounts were based on current salary costs and include all vacation leave accumulated but not taken by June 30, 2025.

Note 7: Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes:

Operations	\$ 327,894
Capital improvements	569,684
	\$ 897,578

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors during the year ended June 30, 2025.

Grant Project - New Station	\$ 3,899,176
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SMOKY HILLS PUBLIC TELEVISION CORPORATION
Bunker Hill, Kansas
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2025

Note 8: Defined Benefit Pension Plan

Plan Description - The Organization participates in the Kansas Public Employees Retirement System (KPERS), a cost sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS financial statements are included in its Annual Comprehensive Financial Report which can be found on the KPERS website at www.kspers.gov or by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603) or by calling 888-275-5737.

Contributions. K.S.A. 74-4919 establishes the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 9.71% and 9.26% for the fiscal years ended June 30, 2025 and 2024, respectively. Contributions to the pension plan from the Organization was \$59,452 and \$56,781 for the years ended June 30, 2025 and 2024, respectively.

Net Pension Liability. At June 30, 2025 and 2024, the Organization's proportionate share of the collective net pension liability reported by KPERS was \$590,111 and \$592,029, respectively. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2024, which was rolled forward to June 30, 2025. The Organization's proportion of the net pension liability was based on the ratio of the Organization's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS.

Note 9: Cafeteria Plan

The Organization established a cafeteria plan under Internal Revenue Code Section 125, effective July, 1, 2000. The plan year is the twelve month period ending on June 30th. The purpose of the program is to allow employees, through a salary reduction agreement, to select their plan benefits within the guidelines of the Inter Revenue Code of 1986.

The benefits available include group health insurance premiums, unreimbursed medical expenses and dependent day care. All employee who have satisfied all of the eligibility requirements as set forth in the plan documents may participate in the cafeteria plan.

Note 10: Continuity of Operations

The Organization relies on governmental and private grants and contributions for its continued existence. There is no assurance that such grants and contributions will continue. A large portion of federal funding was lost with the signing of the Rescissions Act of 2025 by President Trump. This Act essentially eliminated all federal funding the Organization had been receiving, which was a critical source that historically made up about 50% of the operating budget. The Board of Directors has worked through a new budget and have made cost-saving cuts.

SUPPLEMENTAL INFORMATION



March 12, 2026

Board of Directors
Smoky Hills Public Television Corporation
Bunker Hill, Kansas

**Independent Auditor's Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed In Accordance with Government Auditing Standards**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Smokey Hills Public Television Corporation (the Organization), a non-profit organization, as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated March 12, 2026.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of control deficiencies, in internal control such that there is a reasonable possibility that material misstatements of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

March 12, 2026
Smoky Hills Public Television Corporation
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Purpose

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vayney & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas



March 12, 2026

Board of Directors
Smoky Hills Public Television Corporation
Bunker Hill, Kansas

**Independent Auditor's Report on Compliance For Each Major Federal
Program and Report on Internal Control over Compliance
In Accordance With the Uniform Guidance**

**Report on Compliance for Each Major Federal Program
Opinion on Each Major Federal Program**

We have audited Smoky Hills Public Television Corporation (the Organization) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2025. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Organization's compliance based on our audit. 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, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Auditor's Responsibility for the Audit of Compliance (Continued)

Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Vayney & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

SMOKY HILLS PUBLIC TELEVISION CORPORATION
 Bunker Hill, Kansas
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2025

	<u>Assistance Listing Number</u>	<u>Pass-through Identifying Number</u>	<u>Federal Award Expenditures</u>	<u>Subrecipient Expenditures</u>
U.S. Department of Health and Human Services				
Passed through Kansas Department of Commerce				
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	FY24-KPB-SMO	\$ 349,020	\$ -
COVID 19 -Coronavirus State and Local Fiscal Recovery Funds	21.027	FY24-KPB-SHB	1,883,351	-
Total CCDF Cluster			<u>\$ 2,232,371</u>	<u>\$ -</u>
TOTAL FEDERAL EXPENDITURES			<u>\$ 2,232,371</u>	<u>\$ -</u>

*Major Program

Basis of Presentation

The expenditures reported above are reported using the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

Non-Cash Assistance, Insurance and Loans

The Organization did not receive or expend any federal awards in the form of non-cash assistance, insurance, loans or loan guarantees, including interest subsidies during the year ended June 30, 2025.

Indirect Cost Rate

The Organization has elected not to use the 10% de minimis indirect cost rate provisioned by the Uniform Guidance, Section 414 for reporting costs charged to federal award programs.

SMOKY HILLS PUBLIC TELEVISION CORPORATION
 Bunker Hill, Kansas
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2025

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Significant deficiencies identified not considered to be material weaknesses?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> None reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Federal Awards

Internal controls over major programs:	
Material weaknesses identified?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Significant deficiencies identified not considered to be material weaknesses?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> None reported

Type of auditor's report issued on compliance for major programs:	Unqualified
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Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200.516(a)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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Identification of major programs:	
Name of Federal program	<u>CFDA Number</u>
Child Care and Development Block Grant	21.027

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
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Auditee qualified as a low-risk auditee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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Section II - Financial Statement Findings

No matters were reported

Section III - Federal Award Findings and Questioned Costs

No matters were reported