

Greater Dayton Public Television, Inc.

**Financial Statements with
June 30, 2019 and 2018 and
Independent Auditors' Report**

GREATER DAYTON PUBLIC TELEVISION, INC.
June 30, 2019 and 2018

Contents

	<u>Page(s)</u>
Independent Auditors' Report	1 – 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4 – 5
Statements of Functional Expenses	6 – 7
Statements of Cash Flows	8
Notes to Financial Statements	9 – 19

Independent Auditors' Report

To the Board of Trustees
Greater Dayton Public Television, Inc.
Cincinnati, Ohio

We have audited the accompanying financial statements of Greater Dayton Public Television, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greater Dayton Public Television, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Independent Auditors' Report
(Continued)**

Effect of Adopting New Accounting Standard

As discussed in Note 1, the Organization has adopted Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which primarily addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, the lack of consistency in the type of information provided about expenses and investment return, and other financial statement presentation items and enhanced disclosures. Our opinion is not modified with respect to that matter.

Barnes, Dennig & Co., Ltd.

January 7, 2020
Cincinnati, Ohio

GREATER DAYTON PUBLIC TELEVISION, INC.

**Statements of Financial Position
June 30, 2019 and 2018**

	2019	2018
Assets		
Cash	\$ 72,732	\$ 28,686
Accounts receivable, net	211,781	164,090
Contributions receivable, net	183,564	156,898
Prepaid expense	122,098	91,327
Investments	1,588,413	1,510,077
Beneficial interest in perpetual trusts	37,501	37,629
Prepaid rent	204,488	247,538
Property and equipment, net	4,277,672	2,442,066
Total assets	\$ 6,698,249	\$ 4,678,311
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 231,246	\$ 74,293
Accrued expenses	340,876	316,560
Due to related parties	1,097,563	680,053
Deferred support and revenue	-	141,637
Total liabilities	1,669,685	1,212,543
Net Assets		
Without donor restrictions	3,244,766	3,339,755
With donor restrictions	1,783,798	126,013
Total net assets	5,028,564	3,465,768
Total liabilities and net assets	\$ 6,698,249	\$ 4,678,311

The accompanying notes are an integral part of these financial statements

GREATER DAYTON PUBLIC TELEVISION, INC.

**Statement of Activities
Year Ended June 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Support:			
Corporation for Public Broadcasting:			
Community Service Grant and Interconnect reimbursement	\$ 1,062,162	\$ -	\$ 1,062,162
State of Ohio:			
Operating Subsidy	302,699	-	302,699
Educational Subsidy	260,784	-	260,784
In-kind donations	849,766	-	849,766
Montgomery County	42,009	-	42,009
Total support	2,517,420	-	2,517,420
Revenue:			
Memberships and other contributions	2,034,030	-	2,034,030
Donated services	87,418	-	87,418
Acquired program sponsorship and underwriting	402,524	-	402,524
Auction and special events	19,539	-	19,539
Contract production services	80,266	-	80,266
Educational services	317,129	-	317,129
Rental income	500,193	-	500,193
Investment income	68,221	-	68,221
Promotion and miscellaneous	63,320	1,685,632	1,748,952
Change in value of trust	-	(128)	(128)
Total revenue	3,572,640	1,685,504	5,258,144
Net assets released from restrictions	27,719	(27,719)	-
Total support and revenue	6,117,779	1,657,785	7,775,564
Expenses			
Broadcasting and telecommunication service	4,475,983	-	4,475,983
Fundraising	887,687	-	887,687
Administrative	849,098	-	849,098
Total expenses	6,212,768	-	6,212,768
Change in net assets	(94,989)	1,657,785	1,562,796
Net assets, beginning of year	3,339,755	126,013	3,465,768
Net assets, end of year	\$ 3,244,766	\$ 1,783,798	\$ 5,028,564

The accompanying notes are an integral part of these financial statements

GREATER DAYTON PUBLIC TELEVISION, INC.

**Statement of Activities
Year Ended June 30, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Support:			
Corporation for Public Broadcasting:			
Community Service Grant and Interconnect reimbursement	\$ 1,057,592	\$ -	\$ 1,057,592
State of Ohio:			
Operating Subsidy	295,156	-	295,156
Educational Subsidy	260,784	-	260,784
In-kind donations	770,675	-	770,675
Montgomery County	42,009	-	42,009
Total support	2,426,216	-	2,426,216
Revenue:			
Memberships and other contributions	1,668,724	-	1,668,724
Donated services	67,518	-	67,518
Acquired program sponsorship and underwriting	339,018	-	339,018
Auction and special events	201,098	-	201,098
Contract production services	250,315	-	250,315
Educational services	281,995	-	281,995
Rental income	495,714	-	495,714
Investment income	122,871	-	122,871
Promotion and miscellaneous	2,849	60,665	63,514
Change in value of trust	-	393	393
Total revenue	3,430,102	61,058	3,491,160
Net assets released from restrictions	67,450	(67,450)	-
Total support and revenue	5,923,768	(6,392)	5,917,376
Expenses			
Broadcasting and telecommunication service	4,558,613	-	4,558,613
Fundraising	857,192	-	857,192
Administrative	937,471	-	937,471
Total expenses	6,353,276	-	6,353,276
Change in net assets	(429,508)	(6,392)	(435,900)
Net assets, beginning of year	3,769,263	132,405	3,901,668
Net assets, end of year	\$ 3,339,755	\$ 126,013	\$ 3,465,768

The accompanying notes are an integral part of these financial statements

GREATER DAYTON PUBLIC TELEVISION, INC.

**Statement of Functional Expenses
Year Ended June 30, 2019**

	Technical	Programming	Education Services	Production	Promotions	Total Program	Marketing	Member Services	Auctions and Special Events	Total Fundraising	Administrative	Total Expenses
Salaries	247,465	\$ 194,602	\$ 173,308	\$ 541,690	\$ 113,415	\$ 1,270,480	\$ 74,647	\$ 103,592	\$ 157,930	\$ 336,169	\$ 276,546	\$ 1,883,195
Program acquisitions	-	860,140	-	-	-	860,140	-	-	-	-	-	860,140
In-kind donations	849,766	-	-	-	-	849,766	87,418	-	-	87,418	-	937,184
Benefits	44,251	29,186	44,858	115,214	24,075	257,584	16,996	26,144	20,235	63,375	42,706	363,665
Depreciation	220,332	1,944	2,582	29,467	144	254,469	-	-	-	-	28,346	282,815
Utilities	139,049	-	-	11,393	-	150,442	-	-	-	-	102,033	252,475
Repair and maintenance	121,203	-	79	26,551	-	147,833	-	-	-	-	80,420	228,253
Professional fees	-	72,638	1,300	5,869	-	79,807	-	-	-	-	113,975	193,782
Postage and shipping	1,071	88	249	111	10,680	12,199	1,329	148,570	193	150,092	-	162,291
Miscellaneous	1,282	129	3,503	5,454	8,061	18,429	11,785	29,475	16,681	57,941	24,499	100,869
Memberships	4	101,570	55	3,503	115	105,247	-	-	-	-	28,504	133,751
Rent	55,560	-	2,851	6,165	-	64,576	-	-	-	-	71,303	135,879
Promotional incentives	-	-	-	-	-	-	-	75,880	-	75,880	-	75,880
Production fees	-	-	3,572	40,625	-	44,197	-	-	-	-	-	44,197
Commissions	-	-	-	-	-	-	76,000	24,811	-	100,811	-	100,811
Insurance	-	-	-	-	-	-	-	-	-	-	56,364	56,364
Travel and training	4,884	3,521	9,411	6,118	676	24,610	-	-	-	-	8,772	33,382
Supplies	16	39	18,089	14,912	273	33,329	4,165	1,471	606	6,242	15,630	55,201
Printing	-	-	8,764	11	21,498	30,273	-	-	-	-	-	30,273
Educational fees	-	-	258,206	-	-	258,206	-	-	-	-	-	258,206
Receptions	-	-	-	-	-	-	4,291	5,330	138	9,759	-	9,759
Advertising	-	-	185	-	14,211	14,396	-	-	-	-	-	14,396
	<u>\$ 1,684,883</u>	<u>\$ 1,263,857</u>	<u>\$ 527,012</u>	<u>\$ 807,083</u>	<u>\$ 193,148</u>	<u>\$ 4,475,983</u>	<u>\$ 276,631</u>	<u>\$ 415,273</u>	<u>\$ 195,783</u>	<u>\$ 887,687</u>	<u>\$ 849,098</u>	<u>\$ 6,212,768</u>

The accompanying notes are an integral part of these financial statements

GREATER DAYTON PUBLIC TELEVISION, INC.

**Statement of Functional Expenses
Year Ended June 30, 2018**

	Technical	Programming	Education Services	Production	Promotions	Total Program	Marketing	Member Services	Auctions and Special Events	Total Fundraising	Administrative	Total Expenses
Salaries	\$ 283,074	\$ 198,945	\$ 165,632	\$ 553,437	\$ 115,109	\$ 1,316,197	\$ 79,627	\$ 76,120	\$ 193,676	\$ 349,423	\$ 347,406	\$ 2,013,026
Program acquisitions	-	870,975	-	-	-	870,975	-	-	-	-	-	870,975
In-kind donations	770,193	-	-	-	-	770,193	68,000	-	-	68,000	-	838,193
Benefits	51,091	25,614	48,087	112,187	32,954	269,933	17,240	21,194	24,495	62,929	73,438	406,300
Depreciation	236,480	4,667	1,532	14,641	346	257,666	-	-	-	-	40,361	298,027
Utilities	153,306	-	-	6,288	-	159,594	-	-	-	-	96,233	255,827
Repair and maintenance	134,163	-	674	17,717	-	152,554	-	-	-	-	72,189	224,743
Professional fees	50	72,352	490	3,603	-	76,495	-	-	-	-	97,106	173,601
Postage and shipping	636	548	449	159	19,110	20,902	1	137,859	2,329	140,189	-	161,091
Miscellaneous	50	63	2,513	5,581	5,311	13,518	6,845	(30,231)	12,036	(11,350)	17,054	19,222
Memberships	269	100,507	260	2,410	661	104,107	-	-	-	-	31,543	135,650
Rent	55,589	-	4,020	5,460	-	65,069	-	-	14,444	14,444	77,336	156,849
Promotional incentives	-	-	-	-	-	-	-	83,288	507	83,795	-	83,795
Production fees	-	-	14,302	73,697	-	87,999	-	-	-	-	-	87,999
Commissions	-	-	-	-	-	-	86,000	32,460	5,716	124,176	12,186	136,362
Insurance	-	-	-	-	-	-	-	-	-	-	56,600	56,600
Travel and training	3,672	2,874	10,683	13,224	3,173	33,626	-	-	-	-	6,832	40,458
Supplies	858	202	29,176	10,327	568	41,131	453	1,434	8,661	10,548	9,187	60,866
Printing	-	-	22	18	22,637	22,677	-	-	-	-	-	22,677
Educational fees	-	-	274,777	-	-	274,777	-	-	-	-	-	274,777
Receptions	-	-	-	-	-	-	1,274	4,146	9,618	15,038	-	15,038
Advertising	-	-	120	-	21,080	21,200	-	-	-	-	-	21,200
	<u>\$ 1,689,431</u>	<u>\$ 1,276,747</u>	<u>\$ 552,737</u>	<u>\$ 818,749</u>	<u>\$ 220,949</u>	<u>\$ 4,558,613</u>	<u>\$ 259,440</u>	<u>\$ 326,270</u>	<u>\$ 271,482</u>	<u>\$ 857,192</u>	<u>\$ 937,471</u>	<u>\$ 6,353,276</u>

The accompanying notes are an integral part of these financial statements

GREATER DAYTON PUBLIC TELEVISION, INC.

**Statements of Cash Flows
Years Ended June 30, 2019 and 2018**

	2019	2018
Cash flows from operating activities		
Change in net assets	\$ 1,562,796	\$ (435,900)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	282,815	298,027
Net realized and unrealized gains on investments	(26,870)	(84,202)
(Gain) loss on beneficial interest in perpetual trusts	128	(393)
Contributions received for capital projects	(1,685,632)	(60,665)
Changes in:		
Accounts and contributions receivable	(74,357)	(50,315)
Prepaid expense and rents	12,279	51,218
Accounts payable and accrued expenses	181,269	(5,958)
Due to related parties	417,510	290,706
Deferred support and revenue	(141,637)	131,677
Net cash provided by operating activities	528,301	134,195
Cash flows from investing activities		
Purchase of property and equipment	(2,118,421)	(172,794)
Purchase of investments	(285,780)	(228,368)
Proceeds from sale of investments	234,314	208,439
Net cash used by investing activities	(2,169,887)	(192,723)
Cash flows from financing activities		
Proceeds from line of credit	669,856	367,849
Payments on line of credit	(669,856)	(367,849)
Contributions received for capital purchases	1,685,632	60,665
Principal payments on capital leases	-	(1,734)
Net cash provided by financing activities	1,685,632	58,931
Net change in cash	44,046	403
Cash, beginning of year	28,686	28,283
Cash, end of year	\$ 72,732	\$ 28,686
Supplemental information		
Cash paid for interest	\$ 9,682	\$ 7,940

The accompanying notes are an integral part of these financial statements

GREATER DAYTON PUBLIC TELEVISION, INC.

Notes to Financial Statements

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Greater Dayton Public Television, Inc. (GDPT or the Organization) is a tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code. The Organization owns and operates noncommercial broadcasting stations in the State of Ohio, specifically WPTD Channel 16 in Dayton, WPTO Channel 14 in Oxford and other telecommunication facilities. The Organization receives support primarily from the viewing public and private and government grants.

Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, which are available for use in general operations and not subject to donor restrictions; and net assets with donor restrictions, which are either temporary in nature, such as those that will be met by the passage of time or other events specified by the donor, or are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Fair Value Measurements

GAAP has established a three-level hierarchy for fair value measurements based on the transparency of valuation inputs as of the measurement date. The hierarchy is based on the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows: Level 1 inputs are unadjusted quoted prices for identical assets in active markets; Level 2 inputs are observable quoted prices for similar assets in active markets; Level 3 inputs are unobservable and reflect management's best estimate of what market participants would use as fair value.

Cash

The Organization considers bank deposits and all highly liquid investments with original maturities of three months or less to be cash. The Organization maintains its cash in bank deposit accounts which, at times, exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and all debt securities are carried at fair value. Other investments are valued at the lower of cost or fair value. Investment return includes dividends, interest and realized and unrealized gains and losses on investments.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statements of activities as with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

GREATER DAYTON PUBLIC TELEVISION, INC.

**Notes to Financial Statements
(Continued)**

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable represent uncollateralized obligations due from various organizations. Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts by evaluating each individual organization's receivable and considering their current credit worthiness, past experience and current economic conditions. Accounts have been adjusted for all known and expected uncollectible amounts. Recoveries of amounts previously written off are recorded when received. There was no provision for uncollectible accounts at June 30, 2019 and 2018.

Property and Equipment

Building and equipment are recorded at cost or, in the case of donated assets, at their estimated fair value at date of receipt. Depreciation is computed by the straight-line method over the estimated useful lives of the respective assets. The Organization reviews its long-lived assets for impairment if changes in circumstances indicate that the carrying amount may not be recoverable. Management believes there has been no impairment in the carrying value of the Organization's long-lived assets.

In accordance with GAAP, the Organization assesses the recoverability of the carrying amount of property and equipment if certain events or changes occur, such as a significant decrease in market value of the assets or a significant change in operating conditions. Based on its most recent analysis, the Organization believes no impairments existed at June 30, 2019 and 2018.

Broadcast Licenses

The Organization has two non-commercial broadcast license agreements with the Federal Communications Commission. The license agreements provide the Organization the right to broadcast televised programs in the Dayton and Oxford, Ohio, areas and were awarded to the Organization at no cost.

Contributions

Gifts of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor stipulated time restriction ends or purpose restriction is accomplished, 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. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as revenue and net assets without donor restrictions.

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

GREATER DAYTON PUBLIC TELEVISION, INC.

Notes to Financial Statements (Continued)

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions (Continued)

Unconditional promises to give expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. Contributions receivable as of June 30, 2019 and 2018 are expected to be collected within one year. At June 30, 2019 and 2018, the provision for uncollectible contributions receivable was \$31,810 and \$27,810, respectively.

Community Service Grants

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grant-making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public telecommunications entities. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated Section 396(k)(7), (1983) Supplement. In any event, each grant must be expended within two years of the initial grant authorization.

The grants are reported on the accompanying financial statements as unrestricted operating funds; however, certain guidelines must be satisfied in connection with application for and use of the grants to maintain eligibility and compliance requirements. These guidelines pertain to the use of grant funds, record keeping, audits, financial reporting and licensee status with the Federal Communications Commission.

Government Grants

Support funded by state grants is recognized as the Organization performs the contracted services or incurs outlays eligible for reimbursement under the grant agreement. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Donated Goods and Services

The Organization records donated goods and services that meet the criteria for recognition as contributions at fair value on the date of donation. A substantial number of volunteers have made significant contributions of time to the Organization's policy-making, program and support functions. The value of this contributed time does not meet the criteria for recognition under existing accounting standards and, accordingly, is not reflected in the accompanying financial statements.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of Ohio law. However, it is subject to federal income tax on any unrelated business taxable income.

The Organization's IRS Form 990 is subject to review and examination by federal and state authorities. The Organization believes it has appropriate support for any tax positions taken, and therefore, does not have any uncertain income tax positions that are material to the financial statements.

GREATER DAYTON PUBLIC TELEVISION, INC.

Notes to Financial Statements (Continued)

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis on the statements of functional expenses. Certain costs have been allocated among the program, management and general, and fundraising categories based on the specific identification and other methods. The most significant allocations are salaries and related expenses, which are allocated based upon time spent by Organization personnel, and occupancy and depreciation, which are allocated based on utilization.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in the financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications

Certain 2018 figures were reclassified to confirm to the 2019 presentation.

Effect of Adopting New Accounting Standards

In 2019, the Organization adopted Financial Accounting Services Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The update primarily addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, the lack of consistency in the type of information provided about expenses and investment return, and other financial statement presentation items and enhanced disclosures. Net asset classifications have been reduced from three classes (unrestricted, temporarily restricted and permanently restricted) to two classes (net assets without donor restrictions and net assets with donor restrictions). In addition, updated disclosure requirements are presented regarding risk exposure and availability of cash for short-term use and expenses are reported by both natural and functional classification. The Organization adopted ASU 2016-14 as of July 1, 2018 and has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented except for the disclosing information about liquidity and availability of resources, which are permitted to be omitted for any periods presented before the period of adoption.

Recently Issued Accounting Standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*. The standard's core principle is that an organization will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contract with customers. This standard will be effective for the fiscal year ending June 30, 2020.

GREATER DAYTON PUBLIC TELEVISION, INC.

Notes to Financial Statements (Continued)

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Accounting Standards (Continued)

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating, which will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the fiscal year ending June 30, 2022.

In June 2018, the FASB issued ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The standard clarifies and improves current guidance about whether a transfer of assets is a contribution or an exchange transaction. The standard clarifies how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. The standard also requires that an entity determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. This standard will be effective for the fiscal ending June 30, 2020.

The Organization is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Subsequent Events

The Organization has evaluated subsequent events through January 7, 2020, which is the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2019, are as follows:

Cash	\$ 72,732
Accounts receivable, net	211,781
Contributions receivable, net	183,564
Investments	1,588,413
Beneficial interest in perpetual trusts	<u>37,501</u>
Total financial assets	2,093,991
Less: endowment funds	(1,449,372)
Less: beneficial interest in perpetual trusts	(37,501)
Less: net assets restricted for capital projects	<u>-</u>
Financial assets available for general expenditures within one year	<u>\$ 607,118</u>

GREATER DAYTON PUBLIC TELEVISION, INC.

**Notes to Financial Statements
(Continued)**

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

The Organization's endowment funds consist of a board-designated quasi-endowment. As described in Note 12, the Organization's board-designated endowment has a spending rate as approved by the Board of Trustees annually, typically not to exceed 4 percent available within the next 12 months. Although the Organization does not intend to spend from its board-designated endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated endowment could be made available if necessary.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the Organization has committed lines of credit as described in Note 6.

NOTE 3 INVESTMENTS AT FAIR VALUE

Investments are summarized as follows:

	<u>2019</u>	<u>2018</u>
Level 1		
Equity mutual funds	\$ 708,704	\$ 644,777
Fixed income mutual funds	152,285	174,478
Level 2		
Funds held at Dayton Foundation	684,564	662,011
Money market funds	<u>42,860</u>	<u>28,811</u>
	<u>\$ 1,588,413</u>	<u>\$ 1,510,077</u>

Equity and Fixed Income Mutual Funds

Fair value of equity and fixed income mutual funds is estimated by reference to quoted market prices available in an active market. Equity and fixed income mutual funds are categorized as using Level 1 inputs.

Funds Held at Dayton Foundation

Fair value for funds held at the Dayton Foundation are valued as a proportionate interest of the fair value of the underlying funds. The underlying funds are primarily assets which can be valued using observable inputs and are categorized as using Level 2 inputs.

Money Market Funds

Fair value for money market funds is estimated using the net asset value ("NAV") of shares held at year end. Money market funds are categorized as using Level 2 inputs.

GREATER DAYTON PUBLIC TELEVISION, INC.

**Notes to Financial Statements
(Continued)**

NOTE 4 BENEFICIAL INTEREST IN PERPETUAL TRUSTS AT FAIR VALUE

The Organization is the beneficiary of trusts held and administered by an independent trustee. Under the terms of the trusts, the Organization has an irrevocable right to receive a portion of the income earned on the trust assets in perpetuity, but never receives the assets held in trust. The Organization's beneficial interest in perpetual trust is recorded at fair value using level 3 unobservable inputs.

The following table is a reconciliation of all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) at June 30:

Balance at June 30, 2017	\$	37,236
Change in value		393
Balance at June 30, 2018		37,629
Change in value		(128)
Balance at June 30, 2019	\$	37,501

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2019	2018
Technical equipment	\$ 5,606,080	\$ 5,505,530
Tower, antenna, and transmitting equipment	5,885,604	5,885,604
Buildings and improvements	2,158,257	2,156,757
Furniture, fixtures, and office equipment	528,282	528,282
Land and improvements	145,222	145,222
Vehicles	73,643	73,643
Construction in progress	1,891,798	87,317
Less accumulated depreciation	(12,011,214)	(11,940,289)
	\$ 4,277,672	\$ 2,442,066

GREATER DAYTON PUBLIC TELEVISION, INC.

**Notes to Financial Statements
(Continued)**

NOTE 5 PROPERTY AND EQUIPMENT (CONTINUED)

The Organization has received funds through grants from agencies of the federal government for the purpose of acquiring property and equipment. The Federal Government has a ten-year interest in assets purchased with federal funds commencing at the date of the completion of a specific project. The following summarizes information related to the Organization's property and equipment subject to Federal Government interest as of June 30, 2019:

	Cost	Federal Interest	Expiration of Federal Interest
Technical equipment	235,749	106,747	6/30/2020
Technical equipment	137,301	68,650	3/31/2021
	\$ 373,050	\$ 175,397	

NOTE 6 LINE OF CREDIT

GDPT has a demand line of credit with Merrill Lynch, Bank of America Corporation. The maximum draw available on this credit facility is based on the value of the collateralized investments held at the bank which totaled \$764,897 and \$731,927 at June 30, 2019 and 2018, respectively. The maximum credit available on this facility totaled \$403,067 and \$408,562 at June 30, 2019 and 2018, respectively. Interest is charged on amounts borrowed against the line at the one-month LIBOR rate (2.46% and 2.15% at June 30, 2019 and 2018, respectively) plus 0.95% and 1.50% at June 30, 2019 and 2018, respectively. There was no outstanding balance at June 30, 2019 and 2018.

NOTE 7 DEFERRED COMPENSATION AGREEMENT

GDPT sponsors a nonqualified deferred compensation 457(b) plan available to all senior management personnel. The Plan is funded entirely by employee deferrals. The Plan assets and liabilities as of June 30, 2019 and 2018 are \$138,852 and \$115,812, respectively, and are included in investments and accrued expenses on the statement of financial position.

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at June 30:

	2019	2018
Restricted as to purpose:		
FCC repack project	\$ 1,746,297	\$ 60,665
Capital projects	-	27,719
Beneficial interest in trusts	37,501	37,629
	\$ 1,783,798	\$ 126,013

GREATER DAYTON PUBLIC TELEVISION, INC.

**Notes to Financial Statements
(Continued)**

NOTE 9 RETIREMENT PLAN

Defined Contribution Retirement Plan

GDPT sponsors a defined contribution retirement plan under the provisions of Internal Revenue Code Section 403(b) covering substantially all employees. Contributions to the plan during the years ended June 30, 2019 and 2018 were \$48,348 and \$46,832, respectively.

NOTE 10 RENTAL INCOME

GDPT leases excess broadband capacity under lease agreements that expire through 2033. Rental income associated with these leases totaling \$500,193 and \$495,714 were recognized for the years ended June 30, 2019 and 2018, respectively. Future annual minimum lease receipts at June 30, 2019 are as follows: 2020 - \$477,492; 2021 - \$486,413; and 2022 -\$505,074.

NOTE 11 OPERATING LEASES

GDPT entered into a long-term operating lease with the City of Dayton in 1987 for administrative and operating facilities. Lease terms require minimum annual rental payments through June 30, 2023. The Organization has the option of extending the lease for five successive five-year terms with annual rental payments increasing with each five-year term. Minimum future rental payments at June 30, 2019 are \$41,580 for 2020; \$41,580 for 2021; \$48,510 for 2022; and \$50,820 for 2023.

In 2003, GDPT, as lessee, entered into a twenty-year tower lease arrangement with Raycom National, Inc. calling for a one-time payment of \$861,000. The expense associated with this lease is being recognized on a straight-line basis over the twenty-year term of the lease; prepaid tower rent was \$204,488 and \$247,538 at June 30, 2019 and 2018, respectively. The Organization has the option to renew this lease for two successive ten-year terms, provided 90 days' prior notice is given to the lessor.

Total rent expense was \$135,879 and \$156,849 during the years ended June 30, 2019 and 2018, respectively.

NOTE 12 ENDOWMENT

The Organization's endowment consists of a board-designated quasi-endowment fund established to support general operations. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

GREATER DAYTON PUBLIC TELEVISION, INC.

**Notes to Financial Statements
(Continued)**

NOTE 12 ENDOWMENT (CONTINUED)

Changes in the endowment net assets for the years ended June 30, 2019 and 2018 are as follows:

	<u>Board Designated</u>
Endowment net assets - 6/30/17	\$ 1,314,264
Contributions	-
Investment return, net	122,872
Appropriations for expenditure	<u>(43,298)</u>
Endowment net assets - 6/30/18	1,393,838
Contributions	-
Investment return, net	68,221
Appropriations for expenditure	<u>(12,687)</u>
Endowment net assets - 6/30/19	<u><u>\$ 1,449,372</u></u>

Investment Policy

The primary objective of the investment policy is to provide for preservation of capital with an emphasis on long-term growth without undue exposure to risk. The return objective is to achieve a total return, net of fees, in excess of spending and inflation greater than the consumer price index plus 4%. To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy

The spending rate is approved by the Board of Trustees annually, typically not to exceed 4 percent, and is available for general expenditures within the next 12 months.

NOTE 13 SIGNIFICANT CONCENTRATIONS

The Corporation for Public Broadcasting (CPB) is a major source of funding for the Organization. The Organization received \$1,062,162 and \$1,057,592 from CPB, representing approximately 14% and 18% of total revenue and support for 2019 and 2018, respectively.

GREATER DAYTON PUBLIC TELEVISION, INC.

**Notes to Financial Statements
(Continued)**

NOTE 14 RELATED PARTY TRANSACTIONS

Public Media Connect (PMC) is the sole member of the Organization, Greater Cincinnati Television Educational Foundation (CET) and Southwestern Ohio Instructional Technology Association (SOITA).

The Organization has an employee sharing arrangement with CET which provides for the allocation of salaries and benefits between the Organization and CET. For the years ended June 30, 2019 and 2018, \$456,769 and \$287,016, respectively, was the net amount paid by CET for salaries and benefits on behalf of the Organization. The net amount due to CET for these allocations as of June 30, 2019 and 2018 was \$1,097,563 and \$676,363, respectively, and is included in due from related party on the statement of financial position. The allocation of costs is based upon management's estimate of resources used.

Additionally, the Organization will occasionally transfer funds to or receive funds from PMC to cover certain operating expenses. During 2019 and 2018, PMC transferred \$351,840 and \$156,810 to the Organization, respectively. These amounts are included in memberships and other contributions on the statement of activities. No amounts were due from PMC as of June 30, 2019 and 2018.

Additionally, the SOITA will occasionally make payments on behalf of the Organization. The net amount due to SOITA as of June 30, 2019 and 2018 was \$-0- and \$3,690, respectively.