Public Media Connect

Consolidated Financial Statements with
Supplemental Information
June 30, 2019 and 2018 and
Independent Auditors' Report

PUBLIC MEDIA CONNECT
June 30, 2019 and 2018

Contents

BARNES DENNIG
Accounting • Tax • Business Insight

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Independent Auditors' Report

To the Board of Trustees
Public Media Connect
Cincinnati, Ohio

We have audited the accompanying consolidated financial statements of Public Media Connect (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, 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.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Public Media Connect 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)

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating statements of financial position and activities on pages 24 and 25 are presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

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

PUBLIC MEDIA CONNECT

Consolidated Statements of Financial Position
June 30, 2019 and 2018

	2019	2018
Assets		
Cash	$ 376,011	$ 371,632
Accounts receivable, net	495,389	402,145
Contributions receivable, net	349,918	321,896
Prepaid expense	198,435	168,326
Investments	10,168,538	9,208,188
Beneficial interest in perpetual trusts	834,438	866,955
Prepaid rent	204,488	247,538
Property and equipment, net	6,323,131	4,150,598
Total assets	$ 18,950,348	$ 15,737,278
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 312,402	$ 163,818
Accrued expenses	565,846	516,627
Deferred support and revenue	69,600	164,544
Accrued pension benefit obligation	767,923	1,041,999
Total liabilities	1,715,771	1,886,988
Net Assets		
Without donor restrictions	13,250,627	12,094,153
With donor restrictions	3,983,950	1,756,137
Total net assets	17,234,577	13,850,290
Total liabilities and net assets	$ 18,950,348	$ 15,737,278

The accompanying notes are an integral part of these financial statements

PUBLIC MEDIA CONNECT

Consolidated 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	$ 2,102,677	$ -	$ 2,102,677
State of Ohio:			
Operating Subsidy	481,658	-	481,658
Educational Subsidy	443,119	-	443,119
In-kind donations	1,274,649	-	1,274,649
Montgomery County	42,009	-	42,009
Total support	4,344,112	-	4,344,112
Revenue:			
Memberships and other contributions	5,299,424	113,593	5,413,017
Donated services	270,522	-	270,522
Acquired program sponsorship and underwriting	694,689	-	694,689
Auction and special events	539,283	-	539,283
Contract production services	365,550	-	365,550
Educational services	665,761	-	665,761
Rental income	747,771	-	747,771
Investment income	508,452	-	508,452
Promotion and miscellaneous	51,517	2,278,528	2,330,045
Change in value of trusts	-	(32,517)	(32,517)
Total revenue	9,142,969	2,359,604	11,502,573
Net assets released from restrictions	131,791	(131,791)	-
Total support and revenue	13,618,872	2,227,813	15,846,685
Expenses			
Broadcasting and telecommunication service	8,404,634	-	8,404,634
Fundraising	2,055,768	-	2,055,768
Administrative	1,891,725	-	1,891,725
Total expenses	12,352,127	-	12,352,127
Change in net assets before pension adjustment	1,266,745	2,227,813	3,494,558
Change in pension benefit obligation	(110,271)	-	(110,271)
Change in net assets	1,156,474	2,227,813	3,384,287
Net assets, beginning of year	12,094,153	1,756,137	13,850,290
Net assets, end of year	$ 13,250,627	$ 3,983,950	$ 17,234,577

The accompanying notes are an integral part of these financial statements

PUBLIC MEDIA CONNECT

Consolidated 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	$ 2,062,950	$ -	$ 2,062,950
State of Ohio:			
Operating Subsidy	466,572	-	466,572
Educational Subsidy	443,127	-	443,127
In-kind donations	1,369,547	-	1,369,547
Montgomery County	42,009	-	42,009
Total support	4,384,205	-	4,384,205
Revenue:			
Memberships and other contributions	4,315,497	208,500	4,523,997
Donated services	72,518	-	72,518
Acquired program sponsorship and underwriting	654,921	-	654,921
Auction and special events	608,480	-	608,480
Contract production services	484,585	-	484,585
Educational services	620,802	-	620,802
Rental income	732,104	-	732,104
Investment income	636,184	-	636,184
Promotion and miscellaneous	10,171	333,749	343,920
Change in value of trusts	-	13,967	13,967
Total revenue	8,135,262	556,216	8,691,478
Net assets released from restrictions	174,237	(174,237)	-
Total support and revenue	12,693,704	381,979	13,075,683
Expenses			
Broadcasting and telecommunication service	8,402,324	-	8,402,324
Fundraising	1,951,584	-	1,951,584
Administrative	1,823,053	-	1,823,053
Total expenses	12,176,961	-	12,176,961
Change in net assets before pension adjustment	516,743	381,979	898,722
Contribution related to acquisition of SOITA	83,253	-	83,253
Change in pension benefit obligation	497,847	-	497,847
Change in net assets	1,097,843	381,979	1,479,822
Net assets, beginning of year	10,996,310	1,374,158	12,370,468
Net assets, end of year	$ 12,094,153	$ 1,756,137	$ 13,850,290

The accompanying notes are an integral part of these financial statements

PUBLIC MEDIA CONNECT

Consolidated 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	$ 543,844	$ 372,697	$ 601,704	$ 1,054,025	$ 262,574	$ 2,834,844	$ 148,466	$ 381,795	$ 258,469	$ 788,730	$ 656,073	$ 4,279,647
Program acquisitions	-	1,738,616	-	-	-	1,738,616	-	-	-	-	-	1,738,616
In-kind donations	1,274,649	-	-	-	-	1,274,649	270,522	-	-	270,522	-	1,545,171
Benefits	106,577	55,809	106,180	235,281	65,137	568,984	28,795	86,202	40,292	155,289	113,755	838,028
Depreciation	443,613	3,914	5,198	59,329	290	512,344	-	-	-	-	57,071	569,415
Utilities	209,664	-	1,123	22,709	-	233,496	-	-	-	-	302,868	536,364
Repair and maintenance	201,228	-	11,116	111,887	-	324,231	-	-	-	-	154,755	478,986
Professional fees	-	93,448	1,300	7,457	-	102,205	-	-	-	-	284,943	387,148
Postage and shipping	1,284	108	10,155	354	23,680	35,581	1,477	303,689	3,949	309,115	-	344,696
Miscellaneous	1,282	143	44,608	9,278	15,441	70,752	13,756	59,008	102,883	175,647	32,760	279,159
Memberships	-	202,633	209	22,346	115	225,303	-	-	-	-	50,903	276,206
Rent	55,560	-	2,851	22,237	-	80,648	-	1,569	2,034	3,603	92,618	176,869
Promotional incentives	-	-	-	-	-	-	-	162,119	-	162,119	-	162,119
Production fees	-	-	36,843	84,417	-	121,260	-	-	-	-	-	121,260
Commissions	-	-	-	-	-	-	76,029	44,540	-	120,569	-	120,569
Insurance	-	-	-	-	-	-	-	-	-	-	114,116	114,116
Travel and training	6,478	7,780	42,240	14,860	1,368	72,726	-	-	-	-	22,242	94,968
Supplies	785	39	31,850	26,114	652	59,440	4,634	7,924	3,062	15,620	9,621	84,681
Printing	-	-	15,507	11	44,748	60,266	-	-	-	-	-	60,266
Educational fees	-	-	54,658	-	-	54,658	-	-	-	-	-	54,658
Receptions	-	-	-	-	-	-	4,774	15,681	34,099	54,554	-	54,554
Advertising	-	-	200	-	34,431	34,631	-	-	-	-	-	34,631
	$ 2,844,964	$ 2,475,187	$ 965,742	$ 1,670,305	$ 448,436	$ 8,404,634	$ 548,453	$ 1,062,527	$ 444,788	$ 2,055,768	$ 1,891,725	$ 12,352,127

The accompanying notes are an integral part of these financial statements

PUBLIC MEDIA CONNECT

Consolidated 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	$ 532,110	$ 352,022	$ 583,824	$ 1,022,308	$ 251,408	$ 2,741,672	$ 149,132	$ 369,083	$ 291,488	$ 809,703	$ 699,339	$ 4,250,714
Program acquisitions	-	1,723,286	-	45	-	1,723,331	-	-	-	-	-	1,723,331
In-kind donations	1,171,051	-	-	-	-	1,171,051	266,014	-	5,000	271,014	-	1,442,065
Benefits	100,695	54,104	102,355	211,806	63,704	532,664	28,658	88,212	53,259	170,129	143,164	845,957
Depreciation	528,916	4,667	6,198	70,737	346	610,864	-	-	-	-	68,045	678,909
Utilities	366,165	-	1,972	12,889	-	381,026	-	-	-	-	162,689	543,715
Repair and maintenance	207,357	-	18,762	58,959	-	285,078	-	-	-	-	148,824	433,902
Professional fees	10	90,448	5,502	6,849	-	102,809	-	-	-	-	262,149	364,958
Postage and shipping	1,266	553	10,843	252	36,564	49,478	227	279,204	4,900	284,331	-	333,809
Miscellaneous	1,277	63	33,485	16,190	10,775	61,790	9,344	(29,130)	29,881	10,095	46,019	117,904
Memberships	269	200,507	708	20,817	1,267	223,568	-	-	-	-	50,672	274,240
Rent	55,589	-	4,020	5,460	-	65,069	-	-	14,444	14,444	107,382	186,895
Promotional incentives	-	-	-	-	-	-	-	166,048	507	166,555	-	166,555
Production fees	-	-	23,329	119,548	-	142,877	-	-	-	-	-	142,877
Commissions	-	-	-	-	-	-	86,000	55,699	6,296	147,995	-	147,995
Insurance	-	-	-	-	-	-	-	-	-	-	107,940	107,940
Travel and training	6,073	6,529	40,353	24,021	4,643	81,619	-	-	-	-	17,643	99,262
Supplies	1,212	226	49,905	22,499	1,150	74,992	543	12,357	11,023	23,923	9,187	108,102
Printing	-	-	5,742	36	45,112	50,890	-	-	-	-	-	50,890
Educational fees	-	-	62,839	-	-	62,839	-	-	-	-	-	62,839
Receptions	-	-	-	-	-	-	1,386	12,791	39,218	53,395	-	53,395
Advertising	-	-	120	-	40,587	40,707	-	-	-	-	-	40,707
	$ 2,971,990	$ 2,432,405	$ 949,957	$ 1,592,416	$ 455,556	$ 8,402,324	$ 541,304	$ 954,264	$ 456,016	$ 1,951,584	$ 1,823,053	$ 12,176,961

The accompanying notes are an integral part of these financial statements

PUBLIC MEDIA CONNECT

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

	2019	2018
Cash flows from operating activities		
Change in net assets	$ 3,384,287	$ 1,479,822
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	569,415	678,909
Non-cash contribution related to acquisition of SOITA	-	(4,209)
Net realized and unrealized gains on investments	(138,192)	(353,089)
(Gain) loss on beneficial interest in perpetual trusts	32,517	(13,967)
Contributions received for capital projects	(2,278,528)	(333,749)
Changes in:		
Accounts and contributions receivable	(121,266)	(108,550)
Prepaid expense and rents	12,941	41,598
Accounts payable and accrued expenses	197,803	(14,115)
Deferred support and revenue	(94,944)	79,834
Accrued pension benefit obligation	(274,076)	(647,847)
Net cash provided by operating activities	1,289,957	804,637
Cash flows from investing activities		
Purchase of property and equipment	(2,741,948)	(608,263)
Purchase of investments	(5,106,442)	(2,687,835)
Proceeds from sale of investments	4,284,284	2,384,335
Net cash used by investing activities	(3,564,106)	(911,763)
Cash flows from financing activities		
Proceeds from line of credit	871,141	498,788
Payments on line of credit	(871,141)	(498,788)
Contributions received for capital purchases	2,278,528	333,749
Principal payments on capital leases	-	(8,404)
Net cash used by financing activities	2,278,528	325,345
Net change in cash	4,379	218,219
Cash, beginning of year	371,632	153,413
Cash, end of year	$ 376,011	$ 371,632
Supplemental information		
Cash paid for interest	$ 10,845	$ 9,569

The accompanying notes are an integral part of these financial statements

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Public Media Connect (PMC or the Organization) is a tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code. The Organization was formed when the Boards of Trustees of Greater Dayton Public Television, Inc. (GDPT) and Greater Cincinnati Television Educational Foundation (CET) formed a regional, nonprofit public broadcasting and media holding company. The Organization owns and operates noncommercial broadcasting stations in the State of Ohio, specifically WPTD Channel 16 in Dayton, WPTO Channel 14 in Oxford, WCET Channel 48 in Cincinnati and other telecommunication facilities. The Organization receives support primarily from the viewing public and private and government grants.

Effective July 1, 2017, PMC became the sole member of Southwestern Ohio Instructional Technology Association (SOITA), a separate 501(c)(3) organization, with the intention of consolidating its administrative function, while continuing to provide educational services.

Principles of Consolidation

The consolidated financial statements include the accounts of Public Media Connect (the media holding company) and the entities which are members of the media holding company (GDPT and CET). These entities are controlled by a single Board of Trustees. Public Media Connect has consolidated the financial statements of GDPT, CET and SOITA for purposes of financial statement presentation.

These entities will be referred to as the "Organization" in subsequent note disclosures. All inter-entity account balances have been eliminated in the consolidation.

Financial Statement Presentation

The consolidated 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.

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

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.

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 three 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 Cincinnati, Ohio, areas and were awarded to the Organization at no cost.

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

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.

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 $60,655 and $56,655, 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 consolidated 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.

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

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 consolidated 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.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis on the consolidated 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 consolidated 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 conform to the 2019 presentation.

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

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.

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.

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

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

Subsequent Events

The Organization has evaluated subsequent events through January 7, 2020, which is the date the consolidated 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	$ 376,011
Accounts receivable, net	495,389
Contributions receivable, net	349,918
Investments	10,168,538
Beneficial interest in perpetual trusts	834,438
Total financial assets	12,224,294
Less: endowment funds	(9,780,289)
Less: beneficial interest in perpetual trusts	(834,438)
Less: net assets restricted for capital projects	(259,136)
Financial assets available for general expenditures within one year	$ 1,350,431

The Organization's endowment funds consist of donor-restricted endowments and a quasi-endowment. Income from donor-restricted endowments is restricted for specific purposes and therefore, is not available for general expenditures. 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:

	2019	2018
Level 1		
Equity mutual funds	$ 7,124,344	$ 6,548,222
Fixed income mutual funds	1,840,181	1,664,449
Level 2		
Money market funds	519,449	333,506
Funds held at Dayton Foundation	684,564	662,011
	$ 10,168,538	$ 9,208,188

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.

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	$ 852,988
Change in value	13,967
Balance at June 30, 2018	866,955
Change in value	(32,517)
Balance at June 30, 2019	$ 834,438

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2019	2018
Technical equipment	$ 12,170,380	$ 12,062,576
Tower, antenna, and transmitting equipment	9,623,346	9,623,346
Buildings and improvements	7,811,607	7,741,245
Furniture, fixtures, and office equipment	1,730,182	1,717,242
Land and improvements	145,222	145,222
Vehicles	132,128	132,128
Construction in progress	2,707,291	377,330
Less accumulated depreciation	(27,997,025)	(27,648,491)
	$ 6,323,131	$ 4,150,598

Depreciation expense was $569,415 and $678,909 during the years ended June 30, 2019 and 2018, respectively.

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:

Greater Dayton Public Television

	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	

Greater Cincinnati Television Educational Foundation

	Cost	Federal Interest	Expiration of Federal Interest
Technical equipment	$ 291,646	$ 145,823	11/1/2019
Technical equipment	554,850	277,425	10/1/2021
	$ 846,496	$ 423,248	

NOTE 6 LINES OF CREDIT

PMC 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 collateralized investments held at the Bank which totaled $5,825,033 and $5,851,022 at June 30, 2019 and 2018, respectively. The maximum credit available on this facility totaled $1,700,000 at June 30, 2019 and 2018. 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.

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.

CET 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 collateralized investments held at the Bank which totaled $2,561,879 and $1,718,688 at June 30, 2019 and 2018, respectively. The maximum credit available on this facility totaled $1,352,947 and $957,186 at June 30, 2019 and 2018. 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 AGREEEMENT

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	$ 2,612,277	$ 333,749
Capital projects	259,136	198,262
Programming activities	10,000	85,000
Education and training	2,000	2,000
Restricted as to period of use:		
Time restrictions	77,379	81,451
Beneficial interest in trusts	834,438	866,955
Donor-restricted endowments	188,720	188,720
	$ 3,983,950	$ 1,756,137

NOTE 9 RETIREMENT PLANS

Defined Contribution Retirement Plans

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.

CET 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 $29,135 and $28,493, respectively.

Defined Benefit Retirement

CET has a noncontributory defined benefit pension plan covering all employees who meet certain eligibility requirements. Benefits are based upon years of service and the employee's compensation. CET's funding policy is to make the minimum annual contribution that is required by applicable regulations, plus any amounts the Organization determines to be appropriate from time to time. The plan was amended to freeze benefit accruals effective May 1, 2009 and no new participants were eligible to enter the plan at that time.

NOTE 9 RETIREMENT PLANS (CONTINUED)

The following table presents the changes in benefit obligations and changes in plan assets for the years ended June 30:

	2019	2018
Changes in benefit obligation:		
Benefit obligation, beginning of year	$ 6,393,828	$ 6,826,137
Interest cost	245,829	232,985
Actuarial gain	95,161	(375,941)
Benefits paid	(265,762)	(289,353)
Benefit obligation, end of year	$ 6,469,056	$ 6,393,828
Changes in plan assets:		
Fair value of plan assets, beginning of year	$ 5,351,829	$ 5,136,291
Actual return on plan assets	254,141	402,037
Employer contributions	360,925	102,854
Benefits paid	(265,762)	(289,353)
Fair value of plan assets, end of year	$ 5,701,133	$ 5,351,829

The funded status and amounts recognized in the Organization's consolidated statements of financial position at June 30 were as follows:

	2019	2018
Projected benefit obligation	$ 6,469,056	$ 6,393,828
Fair value of plan assets	5,701,133	5,351,829
Accrued pension benefit obligation	$ 767,923	$ 1,041,999

Significant assumptions used in accounting for the pension plan as of June 30 were as follows:

	2019	2018
Discount rate for benefit obligation	3.23%	3.96%
Discount rate for net periodic benefit cost	3.96%	3.50%
Expected return on plan assets	5.50%	5.50%

NOTE 9 RETIREMENT PLANS (CONTINUED)

The components of net periodic benefit cost (credit) recognized in the consolidated statements of activities and changes in net assets for the years ended June 30 were as follows:

	2019	2018
Interest cost	$ 245,829	$ 232,985
Actual return on plan assets	(288,228)	(277,293)
Amortization of net actuarial loss	71,748	165,526
	$ 29,349	$ 121,218

The Organization expects to contribute $150,000 to the pension plan during the year ending June 30, 2020. The following benefit payments are expected to be paid:

2020	$ 363,075
2021	371,876
2022	375,075
2023	375,148
2024	370,625
2025-2029	1,854,295
	$ 3,710,094

The Plan has unrecognized loss subject to amortization totaling $1,105,127 and $1,047,627 as of June 30, 2019 and 2018, respectively. The net loss which will be amortized as a component of net periodic pension cost during the next fiscal year totals $97,494.

Plan assets

The Organization has investment guidelines for plan assets. The overall objective of the guidelines is to ensure the plan assets provide capital growth over an extended period of time, while also considering market risks and ensuring that the portfolio income and liquidity are appropriate to meet the plan benefit payments and other expenses. The plan investments are required to be diversified by asset class and within each asset class, in order to ensure that no single investment will have a disproportionate impact on the total portfolio. The plan asset allocation is reviewed each year with current market assumptions to ensure the asset mix will achieve the long-term goals of the plan. The plans target allocation is 70% equity securities and 30% debt securities, with an acceptable range of 35% to 85% for equity securities and a range of 15% to 65% for debt securities.

NOTE 9 RETIREMENT PLANS (CONTINUED)

The following table sets forth by level within the fair value hierarchy, the Plan's assets at fair value as of June 30:

	2019	2018
Level 1		
Equity mutual funds	$ 4,072,816	$ 3,953,394
Fixed income mutual funds	1,304,262	1,231,372
Level 2		
Money market funds	324,055	167,063
	$ 5,701,133	$ 5,351,829

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.

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.

NOTE 10 RENTAL INCOME

CET leases office space and equipment to Cincinnati Public Radio under a non-cancelable operating lease agreement that expired in October 2019. Subsequent to year-end, the lease was extended through October 2022. Rental income under these leases was $247,578 and $236,390 for the years ended June 30, 2019 and 2018, respectively. Future annual minimum lease receipts at June 30, 2019 are as follows: 2020 - $252,519; 2021 - $267,442; and 2022 - $94,981.

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.

NOTE 11 OPERATING LEASES (CONTINUED)

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 and donor-restricted 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.

Interpretation of Relevant Law

The Board of Trustees of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as original corpus (a) the original value of gifts donated to the donor-restricted endowment and (b) the original value of subsequent gifts to the donor-restricted endowment. The remaining portion of the donor-restricted endowment fund that is not classified in original corpus is classified as accumulated earnings.

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

		Donor-Restricted		
	Board Designated	Accumulated Earnings	Original Corpus	Total
Endowment net assets - 6/30/17	$ 8,150,542	$ -	$ 188,720	$ 8,339,262
Contributions	276,334	-	-	276,334
Investment return, net	622,441	13,744	-	636,185
Appropriations for expenditure	(274,389)	(13,744)	-	(288,133)
Endowment net assets - 6/30/18	8,774,928	-	188,720	8,963,648
Contributions	1,044,030	-	-	1,044,030
Investment return, net	499,982	8,469	-	508,451
Appropriations for expenditure	(727,371)	(8,469)	-	(735,840)
Endowment net assets - 6/30/19	$ 9,591,569	$ -	$ 188,720	$ 9,780,289

NOTE 12 ENDOWMENT (CONTINUED)

Investment Policy

Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity. Under this policy, the primary objective 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 Organization's current spending policy is to transfer all investment return from the donor-restricted endowment fund into the board-designated endowment fund, as stipulated by the donor at the time of the gift. 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 $2,102,677 and $2,062,950 from CPB, representing approximately 13% and 15% of total revenue and support for 2019 and 2018, respectively.

NOTE 14 BUSINESS COMBINATIONS

Effective July 1, 2017, PMC became the sole member of Southwestern Ohio Instructional Technology Association (SOITA), acquiring its assets and assuming its liabilities, with the intention of consolidation the administrative functions, while continuing to provide educational services. The fair value of consideration transferred to and liabilities assumed by SOITA on July 1, 2017 are as follows:

Assets:	
Cash	$ 79,044
Accounts receivable	19,710
Total assets	98,754
Liabilities:	
Accrued expenses	1,551
Deferred revenue	13,950
Total liabilities	15,501
Net contribution to PMC	$ 83,253

SUPPLEMENTAL INFORMATION

PUBLIC MEDIA CONNECT

Consolidating Statement of Financial Position
June 30, 2019

	Public Media Connect	CET	GDPT	SOITA	Eliminations	Total
Assets						
Cash	$ -	$ 202,632	$ 72,732	$ 100,647	$ -	$ 376,011
Accounts receivable, net	-	218,752	211,781	64,856	-	495,389
Contributions receivable, net	-	166,354	183,564	-	-	349,918
Due from related parties	-	1,165,799	-	-	(1,165,799)	-
Prepaid expense	-	76,337	122,098	-	-	198,435
Investments	5,825,034	2,755,091	1,588,413	-	-	10,168,538
Beneficial interest in perpetual trust	-	796,937	37,501	-	-	834,438
Prepaid rents	-	-	204,488	-	-	204,488
Property and equipment, net	-	2,045,459	4,277,672	-	-	6,323,131
Total assets	$ 5,825,034	$ 7,427,361	$ 6,698,249	$ 165,503	$ (1,165,799)	$ 18,950,348
Liabilities and net assets						
Liabilities						
Accounts payable	$ -	$ 83,031	$ 231,246	$ (1,875)	$ -	$ 312,402
Accrued expenses	-	225,236	340,876	(266)	-	565,846
Due to related parties	68,236	-	1,097,563	-	(1,165,799)	-
Deferred support and revenue	-	62,090	-	7,510	-	69,600
Accrued pension benefit obligation	-	767,923	-	-	-	767,923
Total liabilities	68,236	1,138,280	1,669,685	5,369	(1,165,799)	1,715,771
Net Assets						
Without donor restrictions	5,756,798	4,088,929	3,244,766	160,134	-	13,250,627
With donor restrictions	-	2,200,152	1,783,798	-	-	3,983,950
Total net assets	5,756,798	6,289,081	5,028,564	160,134	-	17,234,577
Total liabilities and net assets	$ 5,825,034	$ 7,427,361	$ 6,698,249	$ 165,503	$ (1,165,799)	$ 18,950,348

See independent auditors’ report

PUBLIC MEDIA CONNECT

Consolidating Statement of Activities
Year Ended June 30, 2019

	Public Media Connect	CET	GDPT	SOITA	Eliminations	Total
Support and revenue						
Support:						
Corporation for Public Broadcasting:						
Community Service Grant and Interconnect reimbursement	$ -	$ 1,040,515	$ 1,062,162	$ -	$ -	$ 2,102,677
State of Ohio:						
Operating Subsidy	-	178,959	302,699	-	-	481,658
Educational Subsidy	-	182,335	260,784	234,705	(234,705)	443,119
In-kind donations	-	424,883	849,766	-	-	1,274,649
Montgomery County	-	-	42,009	-	-	42,009
Total support	-	1,826,692	2,517,420	234,705	(234,705)	4,344,112
Revenue:						
Memberships and other contributions	444,113	3,613,089	2,034,030	57,625	(735,840)	5,413,017
Donated services	-	183,104	87,418	-	-	270,522
Acquired program sponsorship and underwriting	-	292,165	402,524	-	-	694,689
Auction and special events	-	519,744	19,539	-	-	539,283
Contract production services	-	285,284	80,266	-	-	365,550
Educational services	-	277,495	317,129	71,137	-	665,761
Rental income	-	247,578	500,193	-	-	747,771
Investment income	316,587	123,644	68,221	-	-	508,452
Promotion and miscellaneous	-	581,093	1,748,952	-	-	2,330,045
Change in value of trust	-	(32,389)	(128)	-	-	(32,517)
Total revenue	760,700	6,090,807	5,258,144	128,762	(735,840)	11,502,573
Total support and revenue	760,700	7,917,499	7,775,564	363,467	(970,545)	15,846,685
Expenses						
Broadcasting and telecommunication service	-	3,814,280	4,475,983	349,076	(234,705)	8,404,634
Fundraising	-	1,168,081	887,687	-	-	2,055,768
Administrative	786,689	991,778	849,098	-	(735,840)	1,891,725
Total expenses	786,689	5,974,139	6,212,768	349,076	(970,545)	12,352,127
Change in net assets before pension adjustment	(25,989)	1,943,360	1,562,796	14,391	-	3,494,558
Change in pension benefit obligation	-	(110,271)	-	-	-	(110,271)
Change in net assets	(25,989)	1,833,089	1,562,796	14,391	-	3,384,287
Net assets, beginning of year	5,782,787	4,455,992	3,465,768	145,743	-	13,850,290
Net assets, end of year	$ 5,756,798	$ 6,289,081	$ 5,028,564	$ 160,134	$ -	$ 17,234,577

See independent auditors’ report