

Greater Cincinnati Television Educational Foundation

**Financial Statements with
June 30, 2020 and 2019 and
Independent Auditors' Report**

GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION
June 30, 2020 and 2019

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Independent Auditors' Report

To the Board of Trustees
Greater Cincinnati Television Educational Foundation
Cincinnati, Ohio

We have audited the accompanying financial statements of Greater Cincinnati Television Educational Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, 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 Cincinnati Television Educational Foundation as of June 30, 2020 and 2019, 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.



December 22, 2020
Cincinnati, Ohio

GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

**Statements of Financial Position
June 30, 2020 and 2019**

	2020	2019
Assets		
Cash	\$ 857,560	\$ 202,632
Accounts receivable, net	246,748	218,752
Contributions receivable, net	203,984	166,354
Due from related parties	1,052,959	1,165,799
Prepaid expense	112,027	76,337
Investments	2,795,337	2,755,091
Beneficial interest in perpetual trust	786,995	796,937
Property and equipment, net	2,569,952	2,045,459
Total assets	\$ 8,625,562	\$ 7,427,361
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 144,560	\$ 83,031
Accrued expenses	220,305	225,236
Paycheck Protection Program (PPP) loan	428,200	-
Due to related parties	33,034	-
Deferred support and revenue	60,626	62,090
Accrued pension benefit obligation	1,253,923	767,923
Total liabilities	2,140,648	1,138,280
Net Assets		
Without donor restrictions	5,216,589	4,088,929
With donor restrictions	1,268,325	2,200,152
Total net assets	6,484,914	6,289,081
Total liabilities and net assets	\$ 8,625,562	\$ 7,427,361

The accompanying notes are an integral part of these financial statements

GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

**Statement of Activities
Year Ended June 30, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Support:			
Corporation for Public Broadcasting:			
Community Service Grant and Interconnect reimbursement	\$ 1,225,059	\$ -	\$ 1,225,059
State of Ohio:			
Operating Subsidy	187,648	-	187,648
Educational Subsidy	182,335	-	182,335
In-kind donations	388,361	-	388,361
Total support	<u>1,983,403</u>	<u>-</u>	<u>1,983,403</u>
Revenue:			
Memberships and other contributions	2,894,236	-	2,894,236
Donated services	160,261	-	160,261
Acquired program sponsorship and underwriting	267,692	-	267,692
Auction and special events	231,805	-	231,805
Contract production services	274,919	-	274,919
Educational services	294,098	-	294,098
Rental income	250,546	-	250,546
Investment income	32,190	-	32,190
Promotion and miscellaneous	8,219	347,779	355,998
Gain on sale of equipment	11,580		11,580
Change in value of trust	-	(9,942)	(9,942)
Total revenue	<u>4,425,546</u>	<u>337,837</u>	<u>4,763,383</u>
Net assets released from restrictions	<u>1,269,664</u>	<u>(1,269,664)</u>	<u>-</u>
Total support and revenue	<u>7,678,613</u>	<u>(931,827)</u>	<u>6,746,786</u>
Expenses			
Broadcasting and telecommunication service	3,847,200	-	3,847,200
Fundraising	1,120,005	-	1,120,005
Administrative	1,002,154	-	1,002,154
Total expenses	<u>5,969,359</u>	<u>-</u>	<u>5,969,359</u>
Change in net assets before pension adjustment	<u>1,709,254</u>	<u>(931,827)</u>	<u>777,427</u>
Change in pension benefit obligation	<u>(581,594)</u>	<u>-</u>	<u>(581,594)</u>
Change in net assets	<u>1,127,660</u>	<u>(931,827)</u>	<u>195,833</u>
Net assets, beginning of year	<u>4,088,929</u>	<u>2,200,152</u>	<u>6,289,081</u>
Net assets, end of year	<u>\$ 5,216,589</u>	<u>\$ 1,268,325</u>	<u>\$ 6,484,914</u>

The accompanying notes are an integral part of these financial statements

GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Support:			
Corporation for Public Broadcasting:			
Community Service Grant and Interconnect reimbursement	\$ 1,040,515	\$ -	\$ 1,040,515
State of Ohio:			
Operating Subsidy	178,959	-	178,959
Educational Subsidy	182,335	-	182,335
In-kind donations	424,883	-	424,883
Montgomery County	-	-	-
Total support	<u>1,826,692</u>	<u>-</u>	<u>1,826,692</u>
Revenue:			
Memberships and other contributions	3,499,496	113,593	3,613,089
Donated services	183,104	-	183,104
Acquired program sponsorship and underwriting	292,165	-	292,165
Auction and special events	519,744	-	519,744
Contract production services	285,284	-	285,284
Educational services	277,495	-	277,495
Rental income	247,578	-	247,578
Investment income	123,644	-	123,644
Promotion and miscellaneous	(11,803)	592,896	581,093
Change in value of trust	-	(32,389)	(32,389)
Total revenue	<u>5,416,707</u>	<u>674,100</u>	<u>6,090,807</u>
Net assets released from restrictions	<u>104,072</u>	<u>(104,072)</u>	<u>-</u>
Total support and revenue	<u>7,347,471</u>	<u>570,028</u>	<u>7,917,499</u>
Expenses			
Broadcasting and telecommunication service	3,814,280	-	3,814,280
Fundraising	1,168,081	-	1,168,081
Administrative	991,778	-	991,778
Total expenses	<u>5,974,139</u>	<u>-</u>	<u>5,974,139</u>
Change in net assets before pension adjustment	1,373,332	570,028	1,943,360
Change in pension benefit obligation	<u>(110,271)</u>	<u>-</u>	<u>(110,271)</u>
Change in net assets	1,263,061	570,028	1,833,089
Net assets, beginning of year	<u>2,825,868</u>	<u>1,630,124</u>	<u>4,455,992</u>
Net assets, end of year	<u><u>\$ 4,088,929</u></u>	<u><u>\$ 2,200,152</u></u>	<u><u>\$ 6,289,081</u></u>

The accompanying notes are an integral part of these financial statements

GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

**Statement of Functional Expenses
Year Ended June 30, 2020**

	Technical	Programming	Education Services	Production	Promotions	Total Program	Marketing	Member Services	Auctions and Special Events	Total Fundraising	Administrative	Total Expenses
Salaries	296,098	\$ 180,733	\$ 171,934	\$ 489,158	\$ 145,827	\$ 1,283,750	\$ 97,456	\$ 287,620	\$ 83,747	\$ 468,823	\$ 384,694	\$ 2,137,267
Program acquisitions	-	862,135	-	-	-	862,135	-	-	-	-	-	862,135
In-kind donations	388,361	-	-	-	-	388,361	160,261	-	7,500	167,761	-	556,122
Benefits	68,394	27,161	41,981	95,402	38,382	271,320	15,903	63,465	18,149	97,517	72,477	441,314
Depreciation	223,141	1,969	2,615	29,843	146	257,714	-	-	-	-	28,707	286,421
Utilities	109,009	-	-	14,201	-	123,210	-	-	-	-	179,587	302,797
Repair and maintenance	56,068	1,409	288	85,645	-	143,410	-	-	2,423	2,423	69,579	215,412
Professional fees	40	27,500	-	3,690	-	31,230	-	1,245	4,332	5,577	132,707	169,514
Postage and shipping	86	116	3,133	210	19,600	23,145	101	153,385	2,015	155,501	882	179,528
Miscellaneous	228	15	293	4,286	7,240	12,062	-	11,648	8,483	20,131	13,500	45,693
Memberships	70	100,001	3,103	18,881	55	122,110	355	279	55	689	18,939	141,738
Rent	5,188	-	339	7,945	-	13,472	-	-	1,043	1,043	29,242	43,757
Promotional incentives	-	-	-	-	-	-	-	94,803	8,313	103,116	-	103,116
Production fees	-	72	23,025	52,276	-	75,373	-	30	1,045	1,075	-	76,448
Commissions	-	-	-	-	-	-	-	20,311	-	20,311	-	20,311
Insurance	-	-	-	-	-	-	-	-	-	-	53,004	53,004
Travel and training	1,354	2,652	5,884	7,309	2,046	19,245	270.00	4,896.00	836.00	6,002.00	8,408	33,655
Supplies	178	23	13,478	14,219	210	28,108	437	2,481	7,126	10,044	7,282	45,434
Printing	-	-	2,060	-	23,402	25,462	59	12,549	2,838	15,446	2,097	43,005
Educational fees	-	-	153,904	-	-	153,904	-	-	-	-	-	153,904
Receptions	153	-	2,418	340	110	3,021	87	2,273	40,501	42,861	1,049	46,931
Advertising	-	-	9	-	10,159	10,168	-	-	1,685	1,685	-	11,853
	<u>\$ 1,148,368</u>	<u>\$ 1,203,786</u>	<u>\$ 424,464</u>	<u>\$ 823,405</u>	<u>\$ 247,177</u>	<u>\$ 3,847,200</u>	<u>\$ 274,929</u>	<u>\$ 654,985</u>	<u>\$ 190,091</u>	<u>\$ 1,120,005</u>	<u>\$ 1,002,154</u>	<u>\$ 5,969,359</u>

The accompanying notes are an integral part of these financial statements

GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

**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	\$ 296,379	\$ 178,095	\$ 171,472	\$ 512,335	\$ 149,159	\$ 1,307,440	\$ 73,819	\$ 278,203	\$ 100,539	\$ 452,561	\$ 379,527	\$ 2,139,528
Program acquisitions	-	878,476	-	-	-	878,476	-	-	-	-	-	878,476
In-kind donations	424,883	-	-	-	-	424,883	183,104	-	-	183,104	-	607,987
Benefits	62,326	26,623	41,199	120,067	41,062	291,277	11,799	60,058	20,057	91,914	71,049	454,240
Depreciation	223,281	1,970	2,616	29,861	146	257,875	-	-	-	-	28,725	286,600
Utilities	70,615	-	-	11,316	-	81,931	-	-	-	-	200,835	282,766
Repair and maintenance	80,025	-	3,203	85,336	-	168,564	-	-	-	-	74,335	242,899
Professional fees	-	20,810	-	1,588	-	22,398	-	-	-	-	120,119	142,517
Postage and shipping	213	20	2,080	243	13,000	15,556	148	155,119	3,756	159,023	-	174,579
Miscellaneous	-	14	4,804	3,824	7,380	16,022	1,971	29,533	86,202	117,706	8,261	141,989
Memberships	(4)	101,063	154	18,843	-	120,056	-	-	-	-	22,399	142,455
Rent	-	-	-	16,072	-	16,072	-	1,569	2,034	3,603	21,315	40,990
Promotional incentives	-	-	-	-	-	-	-	86,239	-	86,239	-	86,239
Production fees	-	-	26,788	43,792	-	70,580	-	-	-	-	-	70,580
Commissions	-	-	-	-	-	-	29	19,729	-	19,758	-	19,758
Insurance	-	-	-	-	-	-	-	-	-	-	57,752	57,752
Travel and training	1,594	4,259	20,367	8,742	692	35,654	-	-	-	-	13,470	49,124
Supplies	769	-	13,761	11,202	379	26,111	469	6,453	2,456	9,378	(6,009)	29,480
Printing	-	-	6,743	-	23,250	29,993	-	-	-	-	-	29,993
Educational fees	-	-	31,157	-	-	31,157	-	-	-	-	-	31,157
Receptions	-	-	-	-	-	-	483	10,351	33,961	44,795	-	44,795
Advertising	-	-	15	-	20,220	20,235	-	-	-	-	-	20,235
	<u>\$ 1,160,081</u>	<u>\$ 1,211,330</u>	<u>\$ 324,359</u>	<u>\$ 863,221</u>	<u>\$ 255,288</u>	<u>\$ 3,814,280</u>	<u>\$ 271,822</u>	<u>\$ 647,254</u>	<u>\$ 249,005</u>	<u>\$ 1,168,081</u>	<u>\$ 991,778</u>	<u>\$ 5,974,139</u>

The accompanying notes are an integral part of these financial statements

GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

Statements of Cash Flows Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ 195,833	\$ 1,833,089
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	286,421	286,600
Net realized and unrealized gains on investments	43,890	(14,017)
(Gain) loss on beneficial interest in perpetual trusts	9,942	32,389
Contributions received for capital projects	(347,780)	(592,896)
Changes in:		
Accounts and contributions receivable	(65,626)	(1,610)
Due (to) from related parties	145,874	(421,200)
Prepaid expense	(35,690)	662
Accounts payable and accrued expenses	56,598	16,533
Deferred support and revenue	(1,464)	43,083
Accrued pension benefit obligation	486,000	(274,076)
Net cash provided by operating activities	773,998	908,557
Cash flows from investing activities		
Purchase of property and equipment	(810,914)	(623,527)
Purchase of investments	(2,359,162)	(2,443,623)
Proceeds from sale of investments	2,275,026	1,549,637
Net cash used by investing activities	(895,050)	(1,517,513)
Cash flows from financing activities		
Proceeds from line of credit	200,639	201,285
Payments on line of credit	(200,639)	(201,285)
Contributions received for capital purchases	347,780	592,896
Proceeds from issuance of PPP loan	428,200	-
Net cash provided by financing activities	775,980	592,896
Net change in cash	654,928	(16,060)
Cash, beginning of year	202,632	218,692
Cash, end of year	\$ 857,560	\$ 202,632
Supplemental information		
Cash paid for interest	\$ 639	\$ 1,163

The accompanying notes are an integral part of these financial statements

GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

Notes to Financial Statements

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Greater Cincinnati Television Educational Foundation (the Organization) is a tax-exempt corporation under Section 501 (c)(3) of the Internal Revenue Code. The Organization owns and operates a noncommercial broadcasting station in the State of Ohio, specifically WCET Channel 48 in Cincinnati. 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

Generally accepted accounting principles 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 CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

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, 2020 and 2019.

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, 2020 and 2019.

Broadcast Licenses

The Organization has one non-commercial broadcast license agreement with the Federal Communications Commission. The license agreement provides the Organization the right to broadcast televised programs in the Cincinnati, Ohio, area and was 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 CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

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, 2020 and 2019 are expected to be collected within one year. At June 30, 2020 and 2019, the provision for uncollectible contributions receivable was \$35,845 and \$28,845, respectively.

Conditional promises to give depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenues when the conditions are substantially met and the gift becomes unconditional.

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.

GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

Notes to Financial Statements (Continued)

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

Income Taxes (Continued)

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 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 2019 figures were reclassified to confirm to the 2020 presentation.

Effect of Adopting New Accounting Standards

In 2020, the Organization adopted 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.

GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

Notes to Financial Statements (Continued)

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

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, 2021.

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, 2023.

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 December 22, 2020, which is the date the financial statements were available to be issued.

GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

**Notes to Financial Statements
(Continued)**

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, are as follows:

	2020	2019
Cash	\$ 857,560	\$ 202,632
Accounts receivable, net	246,748	218,752
Contributions receivable, net	203,984	166,354
Due from related parties	1,052,959	1,165,799
Investments	2,795,337	2,755,091
Beneficial interest in perpetual trusts	786,995	796,937
Total financial assets	5,943,583	5,305,565
Less: endowment funds	(2,592,111)	(2,561,899)
Less: beneficial interest in perpetual trusts	(786,995)	(796,938)
Less: net assets restricted for capital projects	(207,100)	(259,136)
Financial assets available for general expenditures within one year	\$ 2,357,377	\$ 1,687,592

The Organization's endowment funds consist of a donor-restricted endowment 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 11, 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.

GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

**Notes to Financial Statements
(Continued)**

NOTE 3 INVESTMENTS AT FAIR VALUE

Investments are summarized as follows:

	2020	2019
Level 1		
Equity mutual funds	\$ 1,581,525	\$ 2,075,934
Fixed income mutual funds	1,108,687	528,982
Level 2		
Money market funds	105,125	150,175
	\$ 2,795,337	\$ 2,755,091

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 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, 2018	\$ 829,326
Change in value	(32,389)
Balance at June 30, 2019	796,937
Change in value	(9,942)
Balance at June 30, 2020	\$ 786,995

GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

Notes to Financial Statements (Continued)

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2020	2019
Technical equipment	\$ 6,564,300	\$ 6,564,300
Tower, antenna, and transmitting equipment	5,072,431	3,737,742
Buildings and improvements	5,881,185	5,653,350
Furniture, fixtures, and office equipment	1,265,784	1,201,900
Vehicles	58,485	58,485
Construction in progress	-	815,493
Less accumulated depreciation	(16,272,233)	(15,985,811)
	\$ 2,569,952	\$ 2,045,459

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, 2020:

	Cost	Federal Interest	Expiration of Federal Interest
Technical equipment	554,850	277,425	10/1/2021

NOTE 6 LINE OF CREDIT

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 \$2,592,095 and \$2,561,879 at June 30, 2020 and 2019, respectively. The maximum credit available on this facility totaled \$1,527,742 and \$1,352,947 at June 30, 2020 and 2019, respectively. Interest is charged on amounts borrowed against the line at the one-month LIBOR rate (0.18% and 2.46% at June 30, 2020 and 2019, respectively) plus 0.95% and 0.95% at June 30, 2020 and 2019, respectively. There was no outstanding balance at June 30, 2020 and 2019.

GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

Notes to Financial Statements (Continued)

NOTE 7 PAYCHECK PROTECTION PROGRAM (PPP) LOAN

On April 8, 2020, the Organization qualified for and received loans pursuant to the Paycheck Protection Program (the "Program"), a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security's Act, from a qualified lender (the "PPP Lender"), for an aggregate principal amount of \$428,200 (the "PPP Loans"). The PPP Loans bear interest at a fixed rate of 1.00% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loans is subject to forgiveness under the Program upon the Organization's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Organization. The Organization intends to apply for forgiveness of the PPP Loans with respect to these covered expenses. To the extent that all or part of the PPP Loans are not forgiven, the Organization will be required to pay interest on the PPP Loans at a rate of 1.00% per annum, and commencing in November 2020 principal and interest payments will be required through the maturity date in April 2022. In the case that all the PPP Loan is not forgiven, future minimum annual maturities will be \$166,522 in 2021 and \$261,678 in 2022. Future annual maturities are subject to change if part or all of PPP Loan is forgiven. The terms of the PPP Loan provide the customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The PPP Loan may be accelerated upon the occurrence of an event of default. The outstanding balance for this long-term debt was \$428,200 as of June 30, 2020.

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

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

	2020	2019
Restricted as to purpose:		
FCC repack project	\$ -	\$ 865,980
Capital projects	207,100	259,136
Programming activities	10,000	10,000
Education and training	2,000	2,000
Restricted as to period of use:		
Time restrictions	73,510	77,378
Beneficial interest in trusts	786,995	796,938
Donor-restricted endowments	188,720	188,720
	\$ 1,268,325	\$ 2,200,152

GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

**Notes to Financial Statements
(Continued)**

NOTE 9 RETIREMENT PLANS

Defined Contribution Retirement Plan

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, 2020 and 2019 were \$35,780 and \$29,135, respectively.

Defined Benefit Retirement Plan

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.

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

	2020	2019
Changes in benefit obligation:		
Benefit obligation, beginning of year	\$ 6,469,056	\$ 6,393,828
Interest cost	203,133	245,829
Actuarial gain	558,464	95,161
Benefits paid	(275,111)	(265,762)
Benefit obligation, end of year	\$ 6,955,542	\$ 6,469,056
Changes in plan assets:		
Fair value of plan assets, beginning of year	\$ 5,701,133	\$ 5,351,829
Actual return on plan assets	200,597	254,141
Employer contributions	75,000	360,925
Benefits paid	(275,111)	(265,762)
Fair value of plan assets, end of year	\$ 5,701,619	\$ 5,701,133

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

	2020	2019
Projected benefit obligation	\$ 6,955,542	\$ 6,469,056
Fair value of plan assets	5,701,619	5,701,133
Accrued pension benefit obligation	\$ 1,253,923	\$ 767,923

GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

**Notes to Financial Statements
(Continued)**

NOTE 9 RETIREMENT PLANS (CONTINUED)

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

	2020	2019
Discount rate for benefit obligation	2.31%	3.23%
Discount rate for net periodic benefit cost	3.23%	3.96%
Expected return on plan assets	5.12%	5.50%

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

	2020	2019
Interest cost	\$ 203,133	\$ 245,829
Actual return on plan assets	(286,511)	(288,228)
Amortization of net actuarial loss	97,494	71,748
	\$ 14,116	\$ 29,349

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:

2021		\$ 359,761
2022		365,493
2023		365,833
2024		361,580
2025		378,193
2026-2029		1,799,531
		\$ 3,630,391

The Plan has unrecognized loss subject to amortization totaling \$1,652,011 and \$1,105,127 as of June 30, 2020 and 2019, 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.

GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

**Notes to Financial Statements
(Continued)**

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:

	2020	2019
Level 1		
Equity mutual funds	\$ 4,060,097	\$ 4,072,816
Fixed income mutual funds	1,387,908	1,304,262
Level 2		
Money market funds	253,613	324,055
	\$ 5,701,619	\$ 5,701,133

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 \$250,546 and \$247,578 for the years ended June 30, 2020 and 2019, respectively.

Future annual minimum lease receipts at June 30, 2020 are as follows:

2021	\$ 267,442
2022	94,881
2023	6,853
	\$ 369,176

GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

Notes to Financial Statements (Continued)

NOTE 11 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, 2020 and 2019 are as follows:

	Board Designated	Donor-Restricted		Total
		Accumulated Earnings	Original Corpus	
Endowment net assets - 6/30/18	\$ 1,529,968	\$ -	\$ 188,720	\$ 1,718,688
Contributions	719,568	-	-	719,568
Investment return, net	123,643	8,469	-	132,112
Appropriations for expenditure	-	(8,469)	-	(8,469)
Endowment net assets - 6/30/19	2,373,179	-	188,720	2,561,899
Contributions	-	-	-	-
Investment return, net	32,190	2,344	-	34,534
Appropriations for expenditure	(1,978)	(2,344)	-	(4,322)
Endowment net assets - 6/30/20	<u>\$ 2,403,391</u>	<u>\$ -</u>	<u>\$ 188,720</u>	<u>\$ 2,592,111</u>

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.

GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

Notes to Financial Statements (Continued)

NOTE 11 ENDOWMENT (CONTINUED)

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 12 SIGNIFICANT CONCENTRATIONS

The Corporation for Public Broadcasting (CPB) is a major source of funding for the Organization. The Organization received \$1,225,059 and \$1,040,515 from CPB, representing approximately 13% and 13% of total revenue and support for 2020 and 2019, respectively.

NOTE 13 RELATED PARTY TRANSACTIONS

Public Media Connect (PMC) is the sole member of the Organization, Greater Dayton Public Television (GDPT) and Southwestern Ohio Instructional Technology Association (SOITA).

The Organization has an employee sharing arrangement with GDPT which provides for the allocation of salaries and benefits between the Organization and GDPT. For the years ended June 30, 2020 and 2019, \$456,769 was the net amount paid by the Organization for salaries and benefits on behalf of GDPT. The net amount due from GDPT for these allocations as of June 30, 2020 and 2019 was \$984,723 and \$1,097,563, 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 2020 and 2019, PMC transferred \$52,380 and \$384,000 to the Organization, respectively. These amounts are included in memberships and other contributions on the statement of activities. As of June 30, 2020 and 2019, PMC owed the Organization a net amount of \$68,236. These amounts are recognized as due from related party on the statement of financial position.

Additionally, the Organization will occasionally reimburse SOITA for shared expenses. The net amount due to SOITA as of June 30, 2020 and 2019 was \$33,034 and \$-0-, respectively. These amounts are recognized as due to related party on the statement of financial position.

NOTE 14 RISKS AND UNCERTAINTIES

The Organization's investments consist of common stocks, U.S Government and fixed income securities and mutual funds. Investment securities are exposed to various risks, such as credit, market and interest rate. Due to the level of uncertainty related to changes in interest rates, market volatility and credit risks, it is at least reasonably possible that changes in these risks could materially affect the fair value of the investments reported in the statement of financial position at June 30, 2020. However, the diversification of the Organization's investments among various asset classes should mitigate the impact of any adverse changes on any one asset class. Investments are managed by the Board of Trustees with advice and assistance from investment professionals.

GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

Notes to Financial Statements (Continued)

NOTE 15 COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization (“WHO”) recognized COVID-19 as a global pandemic, prompting many national, regional and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary store closures, and wide-sweeping quarantines and stay-at-home orders. As a result, COVID-19 and the related restrictive measures have had a significant adverse impact upon many sectors of the economy.

The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Organization’s business and financial results will depend on future developments, including the duration and spread of the outbreak within the market in which the Organization operates and the related impact on consumer confidence and spending, all of which are highly uncertain.