

# **Greater Cincinnati Television Educational Foundation**

**Financial Statements with  
June 30, 2023 and 2022 and  
Independent Auditors' Report**

**GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION**  
**June 30, 2023 and 2022**

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## Independent Auditors' Report

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

### Opinion

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, 2023 and 2022 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, 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.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

**Independent Auditors' Report  
(Continued)**

**Auditors' Responsibilities for the Audit of the Financial Statements (Continued)**

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Greater Cincinnati Television Educational Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Greater Cincinnati Television Educational Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Barnes, Dennig & Co., Ltd.*

December 21, 2023  
Cincinnati, Ohio

## GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

### Statements of Financial Position June 30, 2023 and 2022

	2023	2022
<b>Assets</b>		
Cash	\$ 2,515,153	\$ 1,369,681
Accounts receivable, net	314,737	358,974
Contributions receivable, net	253,364	295,087
Due from related parties	197	258,705
Prepaid expense	131,430	154,908
Investments	3,443,432	3,103,466
Right-of-use asset - operating	191,983	-
Property and equipment, net	3,755,581	3,812,114
Beneficial interest in perpetual trust	807,746	763,064
Total assets	\$ 11,413,623	\$ 10,115,999
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 204,381	\$ 152,213
Accrued expenses	182,657	173,113
Deferred support and revenue	16,835	41,220
Lease liability - operating	191,983	-
Total liabilities	595,856	366,546
<b>Net Assets</b>		
Without donor restrictions	9,743,275	8,470,692
With donor restrictions	1,074,492	1,278,761
Total net assets	10,817,767	9,749,453
Total liabilities and net assets	\$ 11,413,623	\$ 10,115,999

The accompanying notes are an integral part of these financial statements

## GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

### Statement of Activities Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenue</b>			
Support:			
Corporation for Public Broadcasting:			
Community Service Grant and Interconnect reimbursement	\$ 1,238,608	\$ -	\$ 1,238,608
State of Ohio:			
Operating Subsidy	284,241	-	284,241
Educational Subsidy	182,335	-	182,335
Capital Subsidy	203,095	-	203,095
In-kind donations	831,102	-	831,102
Total support	<u>2,739,381</u>	<u>-</u>	<u>2,739,381</u>
Revenue:			
Memberships and other contributions	3,468,874	-	3,468,874
Donated services	244,922	-	244,922
Acquired program underwriting	721,588	-	721,588
Auction and special events	343,252	-	343,252
Contract production services	40,599	-	40,599
Educational services	1,282,898	-	1,282,898
Rental income	275,938	-	275,938
Investment return, net	319,458	-	319,458
Change in value of trust	-	44,682	44,682
Total revenue	<u>6,697,529</u>	<u>44,682</u>	<u>6,742,211</u>
Net assets released from restrictions	248,951	(248,951)	-
Total support and revenue	<u>9,685,861</u>	<u>(204,269)</u>	<u>9,481,592</u>
<b>Expenses</b>			
Program	5,947,464	-	5,947,464
Fundraising	1,289,998	-	1,289,998
Administrative	1,175,816	-	1,175,816
Total expenses	<u>8,413,278</u>	<u>-</u>	<u>8,413,278</u>
<b>Change in net assets</b>	1,272,583	(204,269)	1,068,314
<b>Net assets, beginning of year</b>	<u>8,470,692</u>	<u>1,278,761</u>	<u>9,749,453</u>
<b>Net assets, end of year</b>	<u>\$ 9,743,275</u>	<u>\$ 1,074,492</u>	<u>\$ 10,817,767</u>

The accompanying notes are an integral part of these financial statements

**GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION**

**Statement of Activities  
Year Ended June 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenue</b>			
Support:			
Corporation for Public Broadcasting:			
Community Service Grant and Interconnect reimbursement	\$ 1,112,361	\$ -	1,112,361
State of Ohio:			
Operating Subsidy	284,240	-	284,240
Educational Subsidy	182,335	-	182,335
In-kind donations	916,750	-	916,750
Total support	2,495,686	-	2,495,686
Revenue:			
Memberships and other contributions	3,365,212	81,384	3,446,596
Donated services	174,474	-	174,474
Acquired program underwriting	437,649	167,250	604,899
Auction and special events	431,742	-	431,742
Contract production services	125,402	-	125,402
Educational services	360,680	-	360,680
Rental income	261,727	-	261,727
Investment return, net	(512,099)	-	(512,099)
Promotion and miscellaneous	108,058	-	108,058
Change in value of trust	-	(210,744)	(210,744)
Total revenue	4,752,845	37,890	4,790,735
Net assets released from restrictions	468,083	(468,083)	-
Total support and revenue	7,716,614	(430,193)	7,286,421
<b>Expenses</b>			
Program	4,906,578	-	4,906,578
Fundraising	1,268,898	-	1,268,898
Administrative	1,126,118	-	1,126,118
Total expenses	7,301,594	-	7,301,594
<b>Change in net assets</b>	415,020	(430,193)	(15,173)
<b>Net assets, beginning of year</b>	8,055,672	1,708,954	9,764,626
<b>Net assets, end of year</b>	\$ 8,470,692	\$ 1,278,761	\$ 9,749,453

The accompanying notes are an integral part of these financial statements

**GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION**

**Statement of Functional Expenses  
Year Ended June 30, 2023**

	Technical	Programming	Education Services	Production	Promotions	Total Program	Marketing	Member Services	Auctions and Special Events	Total Fundraising	Administrative	Total Expenses
Salaries	\$ 279,208	\$ 97,815	\$ 399,031	\$ 610,736	\$ 129,519	\$ 1,516,309	\$ 96,331	\$ 333,308	\$ 113,440	\$ 543,079	\$ 429,982	\$ 2,489,370
In-kind donations	831,102	-	-	-	-	831,102	244,922	-	-	244,922	-	1,076,024
Program acquisitions	-	1,038,297	-	-	-	1,038,297	-	-	-	-	-	1,038,297
Benefits	66,377	21,115	85,585	121,035	22,854	316,966	12,259	69,453	19,498	101,210	56,724	474,900
Depreciation	376,932	3,326	4,417	50,411	247	435,333	-	-	-	-	48,491	483,824
Utilities	81,362	-	-	16,970	-	98,332	-	-	-	-	230,830	329,162
Memberships	593	200,125	280	24,571	103	225,672	295	199	154	648	33,900	260,220
Professional fees	1,890	10,348	204,407	900	26,371	243,916	-	1,250	6,199	7,449	127,611	378,976
Repair and maintenance	128,611	-	69,732	29,839	-	228,182	-	-	4,185	4,185	112,503	344,870
Postage and shipping	53	2	1,120	691	30,469	32,335	27	199,256	2,185	201,468	394	234,197
Educational fees	-	-	187,161	-	-	187,161	-	-	-	-	-	187,161
Miscellaneous	26	-	1,903	83,871	-	85,800	-	8,786	24,921	33,707	16,407	135,914
Receptions	-	-	4,772	11,024	445	16,241	-	3,171	23,019	26,190	1,713	44,144
Promotional incentives	-	-	-	-	-	-	-	55,449	-	55,449	-	55,449
Printing	-	-	19,225	3,157	57,227	79,609	-	3,920	4,504	8,424	1,507	89,540
Insurance	-	-	-	-	-	-	-	-	-	-	60,306	60,306
Rent	21,353	-	-	7,400	-	28,753	-	-	401	401	27,742	56,896
Supplies	1,301	16	431,944	25,831	1,031	460,123	29	4,868	3,073	7,970	6,888	474,981
Travel and training	12,894	3,092	15,623	6,048	11,985	49,642	4,308	7,102	6,816	18,226	20,818	88,686
Production fees	-	-	3,958	41,148	-	45,106	-	-	-	-	-	45,106
Advertising	-	-	13,429	1,878	13,278	28,585	-	-	9,626	9,626	-	38,211
Commissions	-	-	-	-	-	-	-	27,044	-	27,044	-	27,044
	<u>\$ 1,801,702</u>	<u>\$ 1,374,136</u>	<u>\$ 1,442,587</u>	<u>\$ 1,035,510</u>	<u>\$ 293,529</u>	<u>\$ 5,947,464</u>	<u>\$ 358,171</u>	<u>\$ 713,806</u>	<u>\$ 218,021</u>	<u>\$ 1,289,998</u>	<u>\$ 1,175,816</u>	<u>\$ 8,413,278</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, 2022**

	<u>Technical</u>	<u>Programming</u>	<u>Education Services</u>	<u>Production</u>	<u>Promotions</u>	<u>Total Program</u>	<u>Marketing</u>	<u>Member Services</u>	<u>Auctions and Special Events</u>	<u>Total Fundraising</u>	<u>Administrative</u>	<u>Total Expenses</u>
Salaries	\$ 316,935	\$ 140,562	\$ 320,903	\$ 532,316	\$ 130,087	\$ 1,440,803	\$ 86,279	\$ 292,445	\$ 118,116	\$ 496,840	\$ 396,811	\$ 2,334,454
In-kind donations	916,750	-	-	-	-	916,750	174,474	-	-	174,474	-	1,091,224
Program acquisitions	-	945,871	-	-	-	945,871	-	-	-	-	-	945,871
Benefits	77,220	26,509	60,595	108,589	25,744	298,657	13,083	68,389	19,412	100,884	87,479	487,020
Depreciation	332,424	2,933	3,895	44,458	217	383,927	-	-	-	-	42,766	426,693
Utilities	61,581	-	725	15,922	-	78,228	-	-	-	-	202,027	280,255
Memberships	385	200,000	161	21,313	173	222,032	385	511	55	951	40,276	263,259
Professional fees	24,537	35,214	1,010	300	9,174	70,235	-	975	15,823	16,798	137,614	224,647
Repair and maintenance	75,897	-	21,830	37,705	-	135,432	-	58	3,965	4,023	79,726	219,181
Postage and shipping	239	2	4,637	445	42,995	48,318	108	151,034	2,181	153,323	326	201,967
Educational fees	-	-	160,512	-	-	160,512	-	-	-	-	-	160,512
Miscellaneous	125	38	833	41,213	-	42,209	39,769	6,661	36,288	82,718	19,553	144,480
Receptions	-	-	2,623	7	401	3,031	-	6,327	68,748	75,075	1,761	79,867
Promotional incentives	-	-	-	-	-	-	-	76,240	2,679	78,919	-	78,919
Printing	-	-	2,261	-	47,565	49,826	-	11,819	7,236	19,055	1,262	70,143
Insurance	-	-	-	-	-	-	-	-	-	-	65,027	65,027
Rent	19,507	-	-	1,726	-	21,233	-	-	2,671	2,671	32,135	56,039
Supplies	324	15	12,123	16,197	1,700	30,359	50	3,634	8,183	11,867	9,145	51,371
Travel and training	2,331	578	4,113	3,044	3,076	13,142	986	4,639	7,415	13,040	10,174	36,356
Production fees	-	-	5,586	29,602	-	35,188	-	550	3	553	-	35,741
Advertising	-	-	125	-	10,700	10,825	-	700	15,031	15,731	36	26,592
Commissions	-	-	-	-	-	-	-	21,976	-	21,976	-	21,976
	<u>\$ 1,828,255</u>	<u>\$ 1,351,722</u>	<u>\$ 601,932</u>	<u>\$ 852,837</u>	<u>\$ 271,832</u>	<u>\$ 4,906,578</u>	<u>\$ 315,134</u>	<u>\$ 645,958</u>	<u>\$ 307,806</u>	<u>\$ 1,268,898</u>	<u>\$ 1,126,118</u>	<u>\$ 7,301,594</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, 2023 and 2022

	2023	2022
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 1,068,314	\$ (15,173)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	483,823	426,693
Net realized and unrealized (gains) losses on investments	(192,653)	512,099
Change in value of trust	(44,682)	210,744
Noncash contribution of investments	-	(51,572)
Bad debt expense	-	39,769
Changes in:		
Accounts and contributions receivable, net	85,960	(225,694)
Due (to) from related parties	258,508	(516,891)
Prepaid expense	23,478	(8,861)
Accounts payable and accrued expenses	81,870	(43,819)
Deferred support and revenue	(24,385)	(46,509)
Net cash provided by operating activities	1,740,233	280,786
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(447,448)	(392,697)
Purchase of investments	(1,552,125)	(1,174,610)
Proceeds from sale of investments	1,404,812	1,174,965
Net cash used in investing activities	(594,761)	(392,342)
<b>Net change in cash</b>	1,145,472	(111,556)
<b>Cash, beginning of year</b>	1,369,681	1,481,237
<b>Cash, end of year</b>	\$ 2,515,153	\$ 1,369,681
<b>Supplemental information</b>		
Noncash investing and financing transactions:		
Property and equipment purchase in accounts payable	\$ -	\$ 20,158

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 or CET) is a tax-exempt corporation under Section 501 (c)(3) of the Internal Revenue Code. The Organization owns and operates noncommercial broadcasting stations in the State of Ohio, specifically WCET Channel 48 in Cincinnati and WPTO Channel 14 in Oxford. The Organization receives support primarily from the viewing public and private and government grants.

#### *Financial Statement Presentation*

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

#### *Fair Value Measurements*

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

#### *Cash*

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

#### *Investments and Investment Return*

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

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

# GREATER 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, 2023 and 2022. Accounts receivable as of June 30, 2021 was \$238,484.

#### *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, 2023 and 2022.

#### *Leases*

The Organization determines if an arrangement is a lease at inception. Right of use (ROU) assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The Organization uses rates implicit in the lease, if readily available. For leases that do not provide an implicit rate, a risk-free rate based on information available at commencement date is used in determining the present value of lease payments. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that it will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization accounts for lease and non-lease components as a single lease component. There may be variability in future lease payments as the amount of the non-lease component is typically revised from one period to the next. These variable lease payments are recognized in operating expenses in the period in which the obligation for those payments was incurred. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

# GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

## Notes to Financial Statements (Continued)

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

#### *Leases (Continued)*

The Organization made an accounting policy election that payments under agreements with an initial term of 12 months or less will not be included on the statement of financial position but will be recognized in the statement of activities on a straight-line basis over the term of the agreement. The Organization has elected to apply the short-term lease exception on all classes of underlying assets.

#### *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.

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, 2023 and 2022 are expected to be collected within one year. At June 30, 2023 and 2022, the provision for uncollectible contributions receivable was \$46,845 and \$41,845, 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.

# GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

## Notes to Financial Statements (Continued)

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

#### ***Community Service Grants (Continued)***

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.

During 2022, the Organization received a grant in which the funding agency's promise to give is condition upon the Organization incurring certain qualifying expenses and meeting certain milestones under the agreement. At June 30, 2023 and 2022, the Organization had available award balances (conditional promises to give) on conditional government grants of \$1,036,915 and \$2,046,633, respectively. This award balance will be recognized as revenue as the conditions are met throughout the grant's termination date of September 2024.

#### ***Revenue Recognition***

The Organization identifies a contract with a customer for revenue recognition when there is approval and commitment from both parties, the rights of the parties and payment terms are identified, the contract has commercial substance and the collectability of consideration is probable. The Organization evaluates each contract to determine the number of distinct performance obligations in the contract, which requires the use of judgment. To determine the proper revenue recognition method, the Organization evaluates whether two or more contracts should be combined and accounted for as one single contract and whether the combined or single contract should be accounted for as single or more than one performance obligation.

#### **Underwriting Revenues**

Revenue from contracts with customers is recognized from program underwriting. These contracts consist of performance obligations to broadcast underwriting announcements during televised programming and are reported at the amount that reflects the consideration to which the Organization expects to be entitled to in exchange for providing services. Each televised announcement is determined to be a distinct performance obligation. The transaction price is stated in the contracts and is known at the time of contract inception. The Organization determines the transaction price based on standard charges for goods and services provided. Underwriting revenue is recognized at a point in time when the announcements are televised. At times, the Organization will enter into a trade agreement with a business in which underwriting announcements are provided in exchange for tickets, gift cards or media sponsorships. Noncash trade agreements for underwriting are recorded at fair value. Customers are billed for underwriting spots at the time the underwriting agreement is signed, and payment is due monthly throughout the underwriting period. Contract liabilities (deferred revenue) associated with underwriting revenues was \$16,835 and \$41,220 as of June 30, 2023 and 2022, respectively.

# GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

## Notes to Financial Statements (Continued)

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

#### *Revenue Recognition (Continued)*

##### Membership Revenues

Revenue from memberships is in part contributions and in part exchange transactions. The exchange transaction portion of membership revenues is subject to the guidance in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Section 606, *Revenue from Contracts with Customers* and the contribution portion of membership revenue is subject to the guidance in FASB ASC 958-605, *Not-for-Profit Entities: Revenue Recognition*. The Organization determines the fair value of goods and services provided to members as the exchange portion. The residual portion of revenue from memberships are contributions. Management's determination of fair value of the exchange transaction portion of membership revenue requires significant judgement. The Organization's primary performance obligation for the exchange portion of the memberships is to provide a one-time access code to PBS Passport, a streaming product that is not controlled by the Organization, to members who contribute more than \$60 per year. In accordance with ASC 606-10-55-38, the Organization is considered to be an agent in the transaction as the entity is merely arranging for the goods or services to be provided to the customer, rather than providing the specified goods or services itself. For the year ended June 30, 2023 and 2022, exchange transaction revenue recognized was approximately \$474,000 and \$373,000, respectively. The Organization recognizes revenue from the exchange transaction portion of membership revenues at the point in time the one-time access code is transferred to its members. Set pricing is used for memberships with payments either being received in advance of receiving the benefits or billed monthly for sustaining memberships. There are no contract liabilities (deferred revenue) associated with membership revenues as of June 30, 2023 and 2022.

#### *Donated Goods and Services*

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

#### *Income Taxes*

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

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

# GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

## Notes to Financial Statements (Continued)

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

#### *Functional Allocation of Expenses*

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

#### *Use of Estimates*

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

#### *Effect of Adopting New Accounting Standards*

In February 2016, the FASB issued ASU 2016-02, *Leases* which created Accounting Standards Codification (ASC) 842. This ASU requires organizations that lease assets to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by those leases. The Organization has adopted ASC 842 on July 1, 2022. Accordingly, the Organization recorded both operating lease right-of-use (ROU) assets and lease liabilities of \$239,958 as of July 1, 2022. The standard had an impact on the Organization's statement of financial position but did not have an impact on its statement of activities, nor statement of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases, while its accounting for finance leases remained substantially unchanged.

#### *Recently Issued Accounting Standard*

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses*. The standard requires a financial asset (including trade receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the statement of activities will reflect the measurement of credit losses for newly-recognized financial assets as well as the increases or decreases of expected credit losses that have taken place during the period. This standard will be effective for the fiscal year ending June 30, 2024. 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 21, 2023, 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:

	2023	2022
Cash	\$ 2,515,153	\$ 1,369,681
Accounts receivable, net	314,737	358,974
Contributions receivable, net	253,364	295,087
Due from related parties	197	258,705
Investments	3,443,432	3,103,466
Beneficial interest in perpetual trusts	807,746	763,064
Total financial assets	7,334,629	6,148,977
Less: endowment funds	(3,151,663)	(2,839,388)
Less: beneficial interest in perpetual trusts	(807,746)	(763,064)
Financial assets available for general expenditures within one year	\$ 3,375,220	\$ 2,546,525

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 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.

**GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION**

**Notes to Financial Statements  
(Continued)**

**NOTE 3 INVESTMENTS AT FAIR VALUE**

Investments are summarized as follows:

	2023	2022
<b>Level 1</b>		
Equity mutual funds	\$ 2,391,518	\$ 2,340,126
Fixed income mutual funds	891,456	551,261
Alternative investment mutual funds	51,079	49,598
Common stock	17,210	40,345
<b>Level 2</b>		
Money market funds	92,169	122,136
	\$ 3,443,432	\$ 3,103,466

***Equity, Fixed Income and Alternative Investments Mutual Funds and Common Stock***

Fair value of equity, fixed income and alternative investments mutual funds and common stock is estimated by reference to quoted market prices available in an active market. These assets 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 TRUST AT FAIR VALUE**

The Organization is the beneficiary of a trust held and administered by an independent trustee. Under the terms of the trust, 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. Due to the nature of the valuation inputs, 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, 2021	\$	973,808
Change in value		(210,744)
Balance at June 30, 2022		763,064
Change in value		44,682
Balance at June 30, 2023	\$	807,746

**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:

	2023	2022
Technical equipment	\$ 6,834,842	\$ 6,464,117
Tower, antenna, and transmitting equipment	5,944,032	5,952,757
Buildings and improvements	6,015,858	5,995,434
Furniture, fixtures, and office equipment	1,234,503	1,220,348
Vehicles	58,485	58,485
Less accumulated depreciation	(16,332,139)	(15,879,027)
	\$ 3,755,581	\$ 3,812,114

The Organization received funds through grants from agencies of the federal government for the purpose of acquiring property and equipment. The Federal Government had 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 that expired during 2022:

	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 \$3,151,663 and \$2,839,388 at June 30, 2023 and 2022, respectively. The maximum credit available on this facility totaled \$2,016,436 and \$1,707,427 at June 30, 2023 and 2022, respectively. Interest is charged on amounts borrowed against the line at the one-month BSBY rate, plus 0.95% (6.11% at June 30, 2023). There was no outstanding balance at June 30, 2023 and 2022.

## GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

### Notes to Financial Statements (Continued)

#### NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2023</u>	<u>2022</u>
Restricted as to period of use:		
Time restrictions	\$ 63,026	\$ 66,342
Restricted as to purpose:		
Programming activities	13,000	258,635
Education and training	2,000	2,000
Beneficial interest in trust	807,746	763,064
Donor-restricted endowments	<u>188,720</u>	<u>188,720</u>
	<u>\$ 1,074,492</u>	<u>\$ 1,278,761</u>

#### NOTE 8 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, 2023 and 2022 were \$55,055 and \$47,414, respectively.

#### NOTE 9 IN-KIND DONATIONS AND DONATED SERVICES

In-kind donations for the years ended June 30, 2023 and 2022 were \$831,102 and \$916,750, respectively. This represents support from the Ohio Broadcast Educational Media Commission (Ohio BEMC). This value is determined by the Ohio BEMC each year. Donated services for the years ended June 30, 2023 and 2022 were \$244,922 and \$174,474, respectively. These consist primarily of underwriting and special event sponsorships donated by various local organizations. CET estimates the fair value of the donated services based on information provided by the local organizations. All in-kind donations for 2023 and 2022 are without donor restrictions and are used for the Organization's programming program.

#### 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 2022 and was renewed on a month-to-month basis. Rental income under this lease was \$275,938 and \$261,727 for the years ended June 30, 2023 and 2022, respectively.

**GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION**

**Notes to Financial Statements  
(Continued)**

**NOTE 11 LEASES**

The Organization leases office equipment under noncancelable operating leases that expire at various times through April 2027. The operating lease liabilities have a weighted-average remaining lease term of 44 months and were calculated using a discount rate of 2.88%. Certain office equipment under lease is utilized by an affiliate, Greater Dayton Public Television (GDPT), who reimburses the Organization for the costs associated with these leases. Accordingly, operating lease expense and cash flows for the Organization were \$29,557 for the year ended June 30, 2023.

Future minimum lease payments as of June 30, 2023 were:

2024	\$	54,256
2025		54,256
2026		54,256
2027		39,962
Less discount applied		<u>(10,747)</u>
	\$	<u>191,983</u>

***Leases for the Year Ended June 30, 2022***

The Organization leases office equipment under noncancelable operating leases that expire in February and April 2027. Rent expense for these leases included in the statement of activities for the year ended June 30, 2022 was \$30,009.

Future minimum lease payments as of June 30, 2022 were:

2023	\$	27,642
2024		24,608
2025		24,332
2026		24,332
2027		<u>17,519</u>
	\$	<u>118,433</u>

**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.

## GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

### Notes to Financial Statements (Continued)

#### NOTE 12 ENDOWMENT (Continued)

##### *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, 2023 and 2022 are as follows:

	Board Designated	Donor-Restricted Accumulated Earnings	Original Corpus	Total
<b>Endowment net assets - 6/30/21</b>	\$ 3,133,636	\$ -	\$ 188,720	\$ 3,322,356
Investment return, net	(512,099)	(34,037)	-	(546,136)
Contributions	29,131	34,037	-	63,168
<b>Endowment net assets - 6/30/22</b>	2,650,668	-	188,720	2,839,388
Investment return, net	300,329	19,129	-	319,458
Appropriations for expenditure	11,946	(19,129)	-	(7,183)
<b>Endowment net assets - 6/30/23</b>	<u>\$ 2,962,943</u>	<u>\$ -</u>	<u>\$ 188,720</u>	<u>\$ 3,151,663</u>

##### *Investment Policy*

Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity, as well as assets designated by the board to function as an endowment. 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.

## GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

### Notes to Financial Statements (Continued)

#### NOTE 14 SIGNIFICANT CONCENTRATIONS

The Corporation for Public Broadcasting (CPB) is a major source of funding for the Organization. The Organization received \$1,238,608 and \$1,112,361 from CPB, representing approximately 13% and 15% of total revenue and support for June 30, 2023 and 2022, respectively.

#### NOTE 15 RELATED PARTY TRANSACTIONS

Public Media Connect and Affiliates (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, 2023 and 2022, \$225,554 and \$364,764 was the net amount paid by the Organization for salaries and benefits on behalf of GDPT, respectively. The net amount due from GDPT for these allocations as of June 30, 2023 and 2022 was \$197 and \$189,469, 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 June 30, 2023 and 2022, PMC transferred \$243,345 and \$-0- to the Organization, respectively. These amounts are included in memberships and other contributions on the statement of activities. As of June 30, 2023 and 2022, PMC owed the Organization a net amount of \$-0- and \$68,236, respectively. These amounts are recognized as due from related party on the statement of financial position.

Additionally, the Organization will occasionally be reimbursed by SOITA for shared expenses. The net amount due from SOITA as of June 30, 2023 and 2022 was \$-0- and \$1,000, respectively. These amounts are recognized as due from related party on the statement of financial position.

#### NOTE 16 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, 2023. 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.