

**WXXI PUBLIC BROADCASTING COUNCIL
AND AFFILIATES**

**Consolidated Financial Statements
as of June 30, 2020 and 2019
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

October 13, 2020

To the Boards of Trustees of
WXXI Public Broadcasting Council and Affiliates:

We have audited the accompanying consolidated financial statements of WXXI Public Broadcasting Council and Affiliates (collectively, the Organization) which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of WXXI Public Broadcasting Council and Affiliates as of June 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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INDEPENDENT AUDITOR'S REPORT

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Change in Accounting Principles

As described in Note 2 to the consolidated financial statements, WXXI Public Broadcasting Council and Affiliates implemented Accounting Standards Update (ASU) 2014-19, *Revenue from Contracts with Customers* and ASU 2018-08, *Not-for-Profit Entities: Clarifying the Scope and Accounting for Contributions Received and Contributions Made*, as of July 1, 2019, and the effects have been included in these consolidated financial statements. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information in Exhibits I through VIII is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

WXXI PUBLIC BROADCASTING COUNCIL AND AFFILIATES

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 2,359,688	\$ 661,486
Receivables, net	1,004,218	1,778,528
Current portion of program rights, net of accumulated amortization	808,411	802,780
Prepaid expenses and other current assets	<u>147,855</u>	<u>239,736</u>
Total current assets	<u>4,320,172</u>	<u>3,482,530</u>
OTHER ASSETS:		
Property and equipment, net	11,197,104	9,795,030
Program rights, net of current portion and accumulated amortization	270,283	263,872
Beneficial interest in split-interest agreements	471,988	34,358
Investments	11,720,294	11,987,948
Other investment	<u>364,808</u>	<u>331,475</u>
Total other assets	<u>24,024,477</u>	<u>22,412,683</u>
	<u>\$ 28,344,649</u>	<u>\$ 25,895,213</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Lines of credit	\$ 2,607,000	\$ 990,000
Current portion of long-term debt	133,209	139,530
Current portion of capital lease obligation	33,674	32,198
Accounts payable and accrued expenses	905,596	843,438
Deferred revenue - other	16,395	29,800
Deferred revenue - Paycheck Protection Program grant	438,800	-
Current portion of split-interest agreements	<u>32,706</u>	<u>11,674</u>
Total current liabilities	<u>4,167,380</u>	<u>2,046,640</u>
LONG-TERM LIABILITIES:		
Long-term debt, net of current portion	3,153,070	2,819,653
Capital lease obligation, net of current portion	91,903	125,577
Split-interest agreements, net of current portion	188,594	9,070
Other liabilities	557,798	534,799
Interest rate swap contract	<u>104,309</u>	<u>27,857</u>
Total long-term liabilities	<u>4,095,674</u>	<u>3,516,956</u>
Total liabilities	<u>8,263,054</u>	<u>5,563,596</u>
NET ASSETS:		
Without donor restrictions	10,317,056	10,335,144
With donor restrictions	<u>9,764,539</u>	<u>9,996,473</u>
Total net assets	<u>20,081,595</u>	<u>20,331,617</u>
	<u>\$ 28,344,649</u>	<u>\$ 25,895,213</u>

The accompanying notes are an integral part of these statements.

WXXI PUBLIC BROADCASTING COUNCIL AND AFFILIATES**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE:			
Contributions	\$ 3,701,681	\$ 294,872	\$ 3,996,553
Membership income	4,444,028	-	4,444,028
Corporation for Public Broadcasting grants	2,010,847	207,856	2,218,703
New York State Department of Education grants	1,311,357	-	1,311,357
Paycheck Protection Program grant revenue	1,263,056	-	1,263,056
Investment income allocated to operations	576,700	-	576,700
Rental and other income	1,065,068	-	1,065,068
Box office sales	435,589	-	435,589
Café and concession sales	334,305	-	334,305
Other grants	304,585	-	304,585
In-kind contributions	38,981	-	38,981
Change in beneficial interest in split-interest agreements	-	(5,798)	(5,798)
Satisfaction of purpose/time restrictions	359,271	(359,271)	-
Total revenue	<u>15,845,468</u>	<u>137,659</u>	<u>15,983,127</u>
EXPENSES:			
Program services -			
Programming and production	8,566,138	-	8,566,138
Broadcasting	2,487,116	-	2,487,116
Program information	559,444	-	559,444
Total program services	<u>11,612,698</u>	<u>-</u>	<u>11,612,698</u>
Supporting services -			
Management and general	2,557,840	-	2,557,840
Fundraising and development -			
Membership and other development	1,397,948	-	1,397,948
Underwriting	389,741	-	389,741
Total supporting services	<u>4,345,529</u>	<u>-</u>	<u>4,345,529</u>
Total expenses	<u>15,958,227</u>	<u>-</u>	<u>15,958,227</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>(112,759)</u>	<u>137,659</u>	<u>24,900</u>
OTHER CHANGES IN NET ASSETS:			
Capital grants and contributions	438,430	-	438,430
Investment income (loss), net of amount allocated to operations	13,453	(73,653)	(60,200)
Accumulated endowment earnings allocated to operations	(280,760)	(295,940)	(576,700)
Loss on interest rate swap contract	(76,452)	-	(76,452)
Total other changes in net assets	<u>94,671</u>	<u>(369,593)</u>	<u>(274,922)</u>
CHANGE IN NET ASSETS	<u>(18,088)</u>	<u>(231,934)</u>	<u>(250,022)</u>
NET ASSETS - beginning of year	<u>10,335,144</u>	<u>9,996,473</u>	<u>20,331,617</u>
NET ASSETS - end of year	<u>\$ 10,317,056</u>	<u>\$ 9,764,539</u>	<u>\$ 20,081,595</u>

The accompanying notes are an integral part of these statements.

WXXI PUBLIC BROADCASTING COUNCIL AND AFFILIATES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE:			
Contributions	\$ 4,819,181	\$ 42,921	\$ 4,862,102
Membership income	4,200,571	-	4,200,571
Corporation for Public Broadcasting grants	1,528,056	87,033	1,615,089
New York State Department of Education grants	1,397,213	-	1,397,213
Investment income allocated to operations	576,100	-	576,100
Rental and other income	533,048	-	533,048
Box office sales	515,590	-	515,590
Café and concession sales	276,996	-	276,996
Other grants	264,760	-	264,760
In-kind contributions	16,433	-	16,433
Change in beneficial interest in split-interest agreements	-	(27,560)	(27,560)
Satisfaction of purpose/time restrictions	2,091,078	(2,091,078)	-
Total revenue	<u>16,219,026</u>	<u>(1,988,684)</u>	<u>14,230,342</u>
EXPENSES:			
Program services -			
Programming and production	7,528,565	-	7,528,565
Broadcasting	2,376,727	-	2,376,727
Program information	495,620	-	495,620
Total program services	<u>10,400,912</u>	<u>-</u>	<u>10,400,912</u>
Supporting services -			
Management and general	2,454,109	-	2,454,109
Fundraising and development -			
Membership and other development	1,515,274	-	1,515,274
Underwriting	446,605	-	446,605
Total supporting services	<u>4,415,988</u>	<u>-</u>	<u>4,415,988</u>
Total expenses	<u>14,816,900</u>	<u>-</u>	<u>14,816,900</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>1,402,126</u>	<u>(1,988,684)</u>	<u>(586,558)</u>
OTHER CHANGES IN NET ASSETS:			
Capital grants and contributions	303,935	-	303,935
Investment income, net of amount allocated to operations	50,556	460,819	511,375
Accumulated endowment earnings allocated to operations	(282,170)	(293,930)	(576,100)
Loss on interest rate swap contract	(92,412)	-	(92,412)
Acquisition expense	(97,203)	-	(97,203)
Total other changes in net assets	<u>(117,294)</u>	<u>166,889</u>	<u>49,595</u>
CHANGE IN NET ASSETS	<u>1,284,832</u>	<u>(1,821,795)</u>	<u>(536,963)</u>
NET ASSETS - beginning of year	<u>9,050,312</u>	<u>11,818,268</u>	<u>20,868,580</u>
NET ASSETS - end of year	<u>\$ 10,335,144</u>	<u>\$ 9,996,473</u>	<u>\$ 20,331,617</u>

The accompanying notes are an integral part of these statements.

WXXI PUBLIC BROADCASTING COUNCIL AND AFFILIATES

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total</u>
Personnel costs -				
Salaries and wages	\$ 4,568,023	\$ 1,200,934	\$ 847,897	\$ 6,616,854
Payroll taxes and employee benefits	<u>1,146,889</u>	<u>290,246</u>	<u>229,875</u>	<u>1,667,010</u>
Total personnel costs	5,714,912	1,491,180	1,077,772	8,283,864
Program acquisition	1,693,998	-	-	1,693,998
Contract services	1,218,589	211,491	146,074	1,576,154
Depreciation	897,469	106,544	10,848	1,014,861
Occupancy	577,329	17,381	-	594,710
Memberships	217,429	79,329	8,460	305,218
Professional services, excluding in-kind contributions	132,065	100,308	6,255	238,628
Cost of goods sold	229,533	-	-	229,533
Rental and maintenance of equipment	180,655	30,136	3,792	214,583
Advertising	64,069	117,042	3,970	185,081
Interest	-	161,884	-	161,884
Printing and publications	99,930	20,328	22,180	142,438
Direct mail	1,025	-	136,524	137,549
Premiums	13,942	164	123,307	137,413
Interconnections	97,364	35,651	-	133,015
Bank charges	21,170	25,469	84,923	131,562
Postage	18,932	6,285	62,344	87,561
Program production	62,640	-	-	62,640
Telephone	41,898	7,923	4,812	54,633
Travel	39,085	12,262	4,066	55,413
Office supplies	14,955	25,982	7,973	48,910
Shipping	10,192	773	10,821	21,786
Stationwide training	5,050	6,325	-	11,375
Other	<u>260,467</u>	<u>101,383</u>	<u>73,568</u>	<u>435,418</u>
	<u>\$ 11,612,698</u>	<u>\$ 2,557,840</u>	<u>\$ 1,787,689</u>	<u>\$ 15,958,227</u>

The accompanying notes are an integral part of these statements.

WXXI PUBLIC BROADCASTING COUNCIL AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2019

	Program Services	Management and General	Fundraising and Development	Total
Personnel costs -				
Salaries and wages	\$ 3,919,061	\$ 1,166,030	\$ 863,124	\$ 5,948,215
Payroll taxes and employee benefits	<u>1,037,028</u>	<u>310,093</u>	<u>254,805</u>	<u>1,601,926</u>
Total personnel costs	4,956,089	1,476,123	1,117,929	7,550,141
Program acquisition	1,681,697	-	-	1,681,697
Contract services	861,341	180,310	111,951	1,153,602
Depreciation	697,288	158,709	17,477	873,474
Occupancy	590,535	9,549	-	600,084
Memberships	181,378	62,199	12,000	255,577
Professional services, excluding in-kind contributions	254,808	114,607	12,730	382,145
Cost of goods sold	218,083	-	-	218,083
Rental and maintenance of equipment	197,748	8,404	410	206,562
Advertising	50,840	39,906	5,110	95,856
Interest	-	192,174	-	192,174
Printing and publications	118,304	10,519	16,205	145,028
Direct mail	-	-	186,894	186,894
Premiums	24,663	82	162,432	187,177
Interconnections	76,508	6,473	-	82,981
Bank charges	19,506	28,067	85,062	132,635
Postage	16,684	4,187	63,038	83,909
Program production	100,927	-	47	100,974
Telephone	46,313	7,433	9,200	62,946
Travel	107,932	31,214	17,964	157,110
Office supplies	12,174	12,811	5,438	30,423
Shipping	10,250	773	10,632	21,655
Stationwide training	8,268	8,930	1,361	18,559
Other	<u>169,576</u>	<u>101,639</u>	<u>125,999</u>	<u>397,214</u>
	<u>\$ 10,400,912</u>	<u>\$ 2,454,109</u>	<u>\$ 1,961,879</u>	<u>\$ 14,816,900</u>

The accompanying notes are an integral part of these statements.

WXXI PUBLIC BROADCASTING COUNCIL AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (250,022)	\$ (536,963)
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Capital grants and contributions	(438,430)	(303,935)
Perpetually restricted contributions	(1,800)	(27,398)
Provision for doubtful accounts	21,374	22,173
Depreciation	1,008,266	873,474
Loss on disposal of property and equipment	27,647	-
Non-cash contribution	(242,072)	-
Change in split-interest agreements, net	4,998	25,834
(Gain) loss on investments, net	24,517	(119,492)
Loss on interest rate swap contract	76,452	92,412
Changes in:		
Receivables	803,189	222,061
Program rights	(12,042)	(49,057)
Prepaid expenses and other current assets	36,078	24,573
Accounts payable and accrued expenses	62,158	181,436
Deferred revenue - other	(13,405)	2,674
Deferred revenue - Paycheck Protection Program grant	438,800	-
Net cash flow from operating activities	<u>1,545,708</u>	<u>407,792</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(2,556,572)	(1,976,417)
Proceeds from disposal of property and equipment	118,585	-
Change in investments, net	243,137	1,783,059
Purchase of other investment	(33,333)	(33,333)
Net cash flow from investing activities	<u>(2,228,183)</u>	<u>(226,691)</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Receipt of capital grants and contributions	443,980	65,175
Receipt of perpetually restricted contributions	1,800	27,398
Change in lines of credit, net	1,617,000	(14,887)
Issuance of long-term debt	450,000	41,609
Repayment of long-term debt	(122,904)	(123,627)
Repayment of capital lease obligation	(32,198)	(15,566)
Change in other liabilities	22,999	28,201
Net cash flow from financing activities	<u>2,380,677</u>	<u>8,303</u>
CHANGE IN CASH	1,698,202	189,404
CASH - beginning of year	<u>661,486</u>	<u>472,082</u>
CASH - end of year	<u>\$ 2,359,688</u>	<u>\$ 661,486</u>

The accompanying notes are an integral part of these statements.

WXXI PUBLIC BROADCASTING COUNCIL AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

1. THE ORGANIZATION

The consolidated financial statements include the accounts of the following entities (collectively, the Organization):

WXXI Public Broadcasting Council

WXXI Public Broadcasting Council (WXXI) is located in Rochester, New York and is the sole corporate member of The Little Theatre Film Society, Inc. (The Little) and Rochester Area Media Partners, LLC (RAMP).

WXXI owns and operates four television channels within Monroe County: WXXI-TV/HD (DT 21.1/cable 1221 and 11), WXXI-World (DT21.2/cable 1275), WXXI-Create (DT21.3/cable 1276), and WXXI-Kids 24/7 (DT21.4/1277). It also operates cable City 12 in partnership with the City of Rochester. WXXI's radio services include: WXXI-AM 1370 (107.5 FM), WXXI-FM 91.5, plus two HD radio channels and Reachout Radio, a closed circuit 24-hour radio reading service for those who are visually impaired. WXXI also manages and operates WRUR-FM 88.5 in broadcast partnership with the University of Rochester, along with two radio stations in partnership with Hobart and William Smith Colleges - WEOS-FM 89.5 in Geneva, New York and WITH-FM 90.1 in Ithaca, New York.

WXXI puts the community first with programming that stimulates and expands thought, inspires the spirit, opens cultural horizons, and promotes understanding of diverse community issues. By being Rochester's source for Public Broadcasting Service (PBS) and National Public Radio (NPR) programming, WXXI is one of the most accessible and trusted voices in the community.

WXXI's Educational Outreach Center delivers educational services to the community through educational programming, *Ready To Learn*, *Adult Basic Education*, on-demand educational video, online resources, social media offerings for parents and educators, informal family learning events, a youth media film festival, in-person and virtual outreach initiatives, and local educational productions. Professional development offerings include training workshops for educators, caregivers, and parents offered by WXXI educational staff.

WXXI produces a variety of programming, including *Second Opinion*, a national healthcare TV series; *Connections with Evan Dawson*, a daily talk radio show; and Arts InFocus, an on-line and on-air show featuring in-depth stories and profiles of the Rochester region's artists and arts organizations. WXXI also produces documentaries that spotlight the greater Rochester community including: *Journeys Through the Finger Lakes*, *Dialogue in Metal*, *Restoring a Masterpiece: The Renovation of the Eastman Theatre* and *Wendell Castle: A Portrait*.

WXXI News presents an on-air and on-line news service that provides the community with rich content in local, national, and international news and information.

Classical 91.5 is Rochester's only full-time classical music station and is also one of the most listened to public classical music stations in the country. Along with locally hosted music throughout the weekday, Classical 91.5's productions include *Backstage Pass* and *With Heart and Voice*.

1. THE ORGANIZATION (Continued)

WXXI Public Broadcasting Council (Continued)

WXXI is at the forefront of innovative and accessible technologies and is constantly looking at new, innovative ways to deliver quality educational, cultural, and informational programming to its audiences. Current methods of delivery include streaming its radio services over the web, and streaming WXXI Kids 24/7 TV channel, and hosting a video player at WXXI.org where users can watch WXXI-produced and PBS-presented programs, providing an on-demand WXXI App and using the Interconnect - a fiber optic interconnection that enables New York State's public broadcasting stations to deliver innovative, live educational, and public service programming to the entire state in the most economical fashion.

The Little Theatre Film Society, Inc.

In 2011, WXXI and the Little Theatre announced a formal, long-term affiliation. This parent-subsidiary affiliation, which became effective January 1, 2012, enables the individual organizations to work more efficiently by pooling resources and strengths in a number of areas, including back-office operations and fundraising capabilities. This affiliation promises to enhance the cultural life of the community and helps to strengthen two of Rochester's most vital cultural institutions.

The Little began operations in Rochester in 1929 as a link in a proposed chain of small theatres designed to provide an "intimate" alternative to the large commercial movie houses of the day. As a not-for-profit organization, The Little continues to deliver the finest in film, art, and music, while expanding its education and outreach programs, and ensuring its financial integrity through individual and corporate memberships and donations.

The Little was formed to promote the art of filmmaking, and to give the general public access to films not otherwise made available by commercial theatres. The Little has five screens showing the best in foreign and American independent films. The Little also serves as a multi-cultural gathering place for affordable and accessible entertainment, screening more than 100 films per year, as well as hosting several annual community film festivals. The Little hosts talkback forums following select screenings, allowing filmmakers to discuss their work, or for community members to take part in a meaningful dialogue. Through Skyped-in producers and filmmakers, The Little also provides patrons insights from accomplished and emerging filmmakers from around the world.

Arts and culture at The Little extend beyond film, as those five theatres also host music concerts throughout the year. Not only is The Little an official venue for the Rochester International Jazz Festival, the Little Concert Series has brought music lovers to the historic Little with special concerts throughout the year. Music also resonates evenings in The Little Café as local artists perform nightly to a diverse audience. Along with a full array of offerings from the Little Café menu, patrons of the Café can also take in The Little Art Gallery, which provides curated, month-long showings from talented artists spanning styles and subjects.

Rochester Area Media Partners, LLC

In April 2019, RAMP was formed as a New York State limited liability company with WXXI serving as its sole corporate member. In May 2019, RAMP purchased City Newspaper, Rochester's alternative weekly print and online news service, which has been published since 1972 and is available throughout Rochester free of charge. WXXI recognized City Newspaper's value by preserving and expanding the quality and depth of local reporting and prioritizing coverage of the arts and culture in the greater Rochester area. WXXI envisions a strong brand extension for both organizations and a sustainable future for the paper with our merged community service.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements (the financial statements) include the accounts of WXXI, The Little, and RAMP. All significant intercompany balances and transactions have been eliminated.

Basis of Accounting

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

ASU 2014-09 - Revenue from Contracts with Customers

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The recognition of contribution revenue and investment income is not within the scope of Topic 606.

The Organization adopted the requirements of Topic 606 utilizing the modified retrospective method as of July 1, 2019. Adoption of the new guidance impacted the Organization's accounting policies for revenue recognition related to box office sales, café and concession sales, and advertising sales as included in rental and other income. Topic 606 requires new disclosures related to the Organization's methodology for recognition of revenue. There was no effect on total net assets or change in net assets.

ASU 2018-08 - Not-for Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made

In June 2018, the FASB issued ASU 2018-08 in order to clarify and improve the scope and the accounting guidance for contributions received and contributions made. This standard clarifies the determination of whether a grant or contract is a contribution or an exchange transaction subject to Topic 606. The Organization adopted ASU 2018-08 as of July 1, 2019, using a modified prospective application. There was no effect on total net assets or change in net assets.

Financial Reporting

The activities of the Organization are reported in the following net asset categories:

- **Net Assets Without Donor Restrictions**

Net assets without donor restrictions are not subject to donor-imposed stipulations and are used to carry out the general activities and operations of the Organization.

Net assets without donor restrictions also include certain amounts designated by the Board of Trustees. Board-designated invested funds result from operating surpluses and funded depreciation in previous years. It is anticipated that a portion of the return on these investments will be used to support operations and that a portion of the principal will be available to support special projects, replace property and equipment, and for occasional extraordinary needs. The amount designated by the Board of Trustees was \$3,866,918 and \$3,769,668 at June 30, 2020 and 2019, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **Net Assets With Donor Restrictions**

Net assets with donor restrictions are subject to donor-imposed stipulations. These stipulations may expire by the passage of time, be fulfilled or removed by actions of the Organization pursuant to those stipulations or remain in perpetuity. Net assets with donor restrictions also include investment earnings on perpetually restricted endowment funds not yet appropriated for expenditure by the Board of Trustees.

When a donor restriction expires or appropriation is made by the Board of Trustees, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and change in net assets as satisfaction of purpose/time restrictions.

Gifts of Long-Lived Assets

The Organization reports gifts of property and equipment as support without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used. 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 support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expiration of donor restrictions when the donated or acquired long-lived assets are placed in service.

Cash

The Organization maintains its cash bank demand deposit accounts. The balances in these accounts may, at times, exceed federally insured limits. The Organization has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk with respect to cash.

Receivables

Receivables consist of underwriting commitments and amounts due from grantors and contributions from other organizations, as well as pledges received for operational support. The Organization does not charge interest on these accounts and records an allowance for uncollectible amounts based on historical collection experience and a review of specific outstanding balances. Amounts are written-off against the allowance when uncollectibility becomes known.

Costs Incurred for Programs Not Yet Broadcast

Costs incurred for programs not yet broadcast are recorded as an asset. These costs relate to programs produced by WXXI that will be broadcast subsequent to June 30. As the programs are broadcast, the costs incurred will be included in operating expenses. Program status is evaluated annually, and costs associated with programs not considered to have future benefit are charged to operating expense as incurred. Programs to be completed and broadcast within one year are classified as a current asset, whereas programs to be completed and broadcast in more than one year are classified as long-term. At June 30, 2020 and 2019, WXXI did not have any costs incurred for programs not yet broadcast.

Program Rights

Program rights relate to programs that will be aired in future periods. Program rights purchased by WXXI are amortized on an accelerated method over the period of their expected usage.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment is recorded at cost, if purchased, or fair market value at the date of donation. The Organization capitalizes additions of property and equipment in excess of \$500 that have a useful life greater than one year. Depreciation is provided using the straight-line method over the assets' estimated useful lives, which range from three to forty years. Impairment losses are recognized when the carrying value of an asset exceeds its fair market value.

Split-Interest Agreements

The Organization is the beneficiary of various charitable gift annuities. The Organization has control of these assets and they consist of temporary cash investments, equity mutual funds, and fixed income mutual funds.

Annuities payable relating to the split-interest agreements for which the Organization is the trustee are measured at the present value of estimated future annuity payments utilizing estimated mortality rates and discount rates.

Investments

Investments are stated at fair value based on quoted market prices and are maintained to provide for capital replacement and other operating needs as the Board of Trustees designates. In order to maximize return on all investments, the Board of Trustees has chosen to invest operating and equipment replacement funds with board-designated funds without distinction. Although returns on these investments are intended for the long-term growth of the account and for the offset of depreciation, actual transfers are only made on an as-needed basis as prescribed in the Organization's annual budget.

The Organization invests in various types of investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that these changes could materially affect the amounts reported in the accompanying financial statements.

Investment income consists of interest and dividends, unrealized and realized gains or losses, less investment management fees.

Endowment

The Organization's endowment consists of individual funds established for a variety of purposes. The Organization's endowment includes perpetual endowment funds, unappropriated earnings on the Organization's perpetual endowment funds, and funds designated by the Board of Trustees to function as endowment. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments (Continued)

The Organization uses various valuation techniques in determining fair value. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Organization. Unobservable inputs are inputs that reflect the Organization's estimate about the assumptions market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances. The fair value hierarchy consists of three levels based on the reliability of inputs as follows:

- Level 1 - Valuations are based on quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation does not entail a significant degree of judgment.
- Level 2 - Valuations are based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.
- Level 3 - Valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Deferred Revenue

Deferred revenue represents cash received or billing in advance of service provision.

Advertising

Advertising costs are expensed as incurred and totaled approximately \$185,000 and \$96,000 for the years ended June 30, 2020 and 2019, respectively.

Donated Services

A substantial number of volunteers have donated time in support of the Organization's program activities. The value of these services is not reflected in the accompanying financial statements as they do not meet the criteria for recognition under generally accepted accounting principles.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

The Organization's revenue recognition policies for primary sources of revenue are as follows:

- Corporation for Public Broadcasting, New York State Department of Education, and other grants are recognized as revenue as the Organization meets the terms of the grant contract. Government grants that are for the general support of the Organization's operation are recognized ratably over the term of the grant contract.
- Contributions and membership income received as unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as increases in net assets with donor restriction if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods.
- The Organization occasionally rents parts of its facility space for events, receptions, and other activities. Revenue for these rental activities may be collected in advance of the event but is recognized at the time of the event. Also included in rental and other income is the Organization's advertising income. All customers are billed after the advertisement has printed in the applicable circular; therefore, revenue is recognized after the performance obligation has been met.
- Revenue from box office sales and café and concession sales are recognized as sales occur. Proceeds from these sales are collected and recognized as revenue at the time of the event or sale.

Expense Allocations

The statements of functional expenses present expenses by both functional and natural classification. Certain classes of expenses are allocated to program services or the supporting functions. Salaries and wages and the related taxes and benefits are allocated based on time and effort. Depreciation and occupancy expenses are allocated based on square footage. All other expenses are directly charged to the specific function.

Income Taxes

WXXI and The Little are not-for-profit corporations exempt from income taxes as organizations qualified under Section 501(c)(3) of the Internal Revenue Code. WXXI and the Little have also been classified by the Internal Revenue Service as entities that are not private foundations.

RAMP is a single-member limited liability company that is disregarded as a separate entity for income tax purposes. RAMP is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income tax is required. RAMP is not recognized as a private foundation.

Sales Taxes

The Organization presents sales net of taxes collected.

Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

3. ACQUISITION

As previously mentioned, RAMP purchased City Newspaper in May 2019. RAMP's purchase was financed through the issuance of notes payable to WXXI in the aggregate amount of \$200,000. These notes require aggregate monthly payments of approximately \$4,600 from May 2020 through December 2023 and bear interest at the prime interest rate plus .5%. At both June 30, 2020 and 2019, \$200,000 was outstanding under the terms of these notes payable. These amounts have been eliminated in the consolidated statements of financial position.

In connection with the purchase of City Newspaper, RAMP acquired City Newspaper's cash and accounts receivables and assumed RAMP's accounts payable and deferred revenue. The purchase price of \$200,000 exceeded the equity of RAMP by \$97,203. This amount has been reflected as acquisition expense in the statement of activities and change in net assets for the year ended June 30, 2019.

4. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization had financial assets available to meet cash needs for general expenditures in the subsequent year as follows at June 30:

	<u>2020</u>	<u>2019</u>
Cash	\$ 2,359,688	\$ 661,486
Receivables	1,004,218	1,778,528
Investments	<u>11,720,294</u>	<u>11,987,948</u>
	15,084,200	14,427,962
Plus: Anticipated endowment draw under spending policy	536,000	572,000
Less: Financial assets unavailable for general expenditures within one year, due to:		
Board designated funds	(3,866,918)	(3,769,668)
Donor restricted funds	<u>(9,764,539)</u>	<u>(9,996,473)</u>
	<u>\$ 1,988,743</u>	<u>\$ 1,233,821</u>

The Organization is primarily supported by cash flows from contributions, memberships, and grants from the Corporation for Public Broadcasting and the New York State Department of Education. This support is dependent on collection of these amounts and the maintenance of the government funding. In addition, the Organization takes a distribution from its endowment equal to 5% of its endowment fund's moving 20-quarter market value average.

The Organization's strategy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The goal is to maintain financial assets on hand to meet 60 days of normal operating expenses. In the event of additional cash flow needs, the Organization may utilize its Board designated funds. WXXI and The Little also maintain lines of credit in the amounts of \$3,000,000 and \$10,000, respectively, which are utilized as necessary.

5. NET ASSETS

Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Net assets with donor restrictions that can be satisfied by action of the Organization or the passage of time:		
Comprehensive campaign	\$ 347,599	\$ 461,599
Productions and special projects	1,061,971	1,030,735
Unappropriated endowment earnings	1,788,370	2,155,074
Split-interest agreements, net of obligations	289,656	73,922
Capital expenditures	<u>211,937</u>	<u>211,937</u>
	3,699,533	3,933,267
Net assets to be maintained in perpetuity:		
Endowment	<u>6,065,006</u>	<u>6,063,206</u>
	<u>\$ 9,764,539</u>	<u>\$ 9,996,473</u>

Net assets with donor restrictions that can be satisfied by action of the Organization or the passage of time represent the accumulated principal of gifts that have not yet been used in accordance with donor stipulations and endowment earnings that have not been appropriated for expenditure by the Board of Trustees.

Net assets were released from donor restrictions related to the following purposes during the years ended June 30:

	<u>2020</u>	<u>2019</u>
Comprehensive campaign	\$ 114,000	\$ -
Productions and special projects	224,731	2,067,830
Appropriated endowment earnings	295,940	293,930
Split-interest agreements, net of obligations	20,540	-
Capital expenditures	<u>-</u>	<u>23,248</u>
	<u>\$ 655,211</u>	<u>\$ 2,385,008</u>

6. RECEIVABLES

Receivables consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Trade and billed underwriting, net of allowance for doubtful accounts of \$16,417 in 2020 and 2019	\$ 371,087	\$ 1,056,130
Membership pledges	552,488	514,258
Barter-trade balance, net of allowance for doubtful accounts of \$4,957 in 2020 and \$5,756 in 2019	80,643	91,717
Unbilled underwriting commitments	<u>-</u>	<u>116,423</u>
	<u>\$ 1,004,218</u>	<u>\$ 1,778,528</u>

The Organization engages in various fundraising campaigns manifested by offering special programs and on-air and mail fundraising appeals. These appeals encourage supporters, both individuals and organizations, to provide financial contributions to the Organization for enhancement of program offerings and other operating expenses.

Contributions and collected pledges are reported as membership income without donor restrictions based on the nature of the campaign and solicitation.

7. PROGRAM RIGHTS

Program rights consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Acquisition costs	\$ 2,760,650	\$ 2,699,293
Current year amortization	<u>(1,681,956)</u>	<u>(1,632,641)</u>
Total program rights	1,078,694	1,066,652
Less: Current portion	<u>(808,411)</u>	<u>(802,780)</u>
	<u>\$ 270,283</u>	<u>\$ 263,872</u>

8. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Land and land improvements	\$ 1,031,420	\$ 1,180,067
Buildings	16,720,572	16,556,420
Transmitter, antennae, and tower	4,741,531	4,414,954
Satellite interconnection system	400,039	400,039
Studio and technical equipment	10,254,462	10,140,716
Furniture and fixtures	922,568	858,344
Computer and related equipment	1,141,822	1,035,228
Other equipment	561,691	560,441
Construction-in-progress	<u>1,808,594</u>	<u>482,822</u>
	37,582,699	35,629,031
Less: Accumulated depreciation	<u>(26,385,595)</u>	<u>(25,834,001)</u>
	<u>\$ 11,197,104</u>	<u>\$ 9,795,030</u>

The National Telecommunications and Information Administration (NTIA) has liens against certain property purchased in 2012 with the proceeds from a NTIA grant. The terms of the lien extend ten years and expire in September 2022. Equipment purchased with this grant totaled approximately \$946,000.

During the year ended June 30, 2019, WXXI acquired equipment with a cost of \$173,342 under the terms of a capital lease agreement. Accumulated depreciation on these assets was \$30,954 and \$6,191 at June 30, 2020 and 2019, respectively.

9. INVESTMENTS

The Organization's investments are measured at fair value on a recurring basis using Level I inputs and consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Cash equivalents	\$ 313,781	\$ 68,642
Equity mutual funds	8,444,134	8,322,891
Fixed income mutual funds	2,958,699	3,352,721
Real estate funds	<u>3,680</u>	<u>243,694</u>
	<u>\$ 11,720,294</u>	<u>\$ 11,987,948</u>

Fair value of the Organization's equity and fixed income mutual funds and real estate funds are determined based on quoted market prices. There were no changes to valuation techniques during the years ended June 30, 2020 and 2019.

10. INVESTMENT IN SUBSIDIARY

During the year ended June 30, 2020, the Organization's Board of Directors reclassified amounts provided by WXXI to The Little through June 30, 2019 for operating and capital purposes as an investment in subsidiary as opposed to an amount due from The Little. The effect of this reclassification was to increase The Little's net assets without donor restrictions by \$1,476,841 at June 30, 2019.

During the year ended June 30, 2020, WXXI invested an additional \$1,432,317 in The Little and \$231,718 in RAMP. At June 30, 2020 and 2019, WXXI's investment in The Little was \$2,909,158 and \$1,476,841, respectively. At June 30, 2020 WXXI's investment in RAMP was \$231,718. These amounts have been eliminated in the accompanying consolidating statements of financial position.

11. OTHER INVESTMENT

In 2012, WXXI entered into an agreement with eight other public broadcasting corporations (the members) to form Centralcast, LLC (the LLC). The LLC was formed exclusively to further the charitable purposes of the members. The members of the LLC have ownership percentages ranging from 10% to 22%. WXXI's ownership percentage is 12% and is accounted for under the cost method. At June 30, 2020 and 2019, the Organization's investment in the LLC was \$364,808 and \$331,475, respectively.

12. ENDOWMENT

Composition

The Organization's endowment consists of perpetual endowment funds and earnings on perpetual endowment funds, which are classified as net assets with donor restrictions, and amounts designated by the Board of Trustees for specific program purposes, which are classified as net assets without donor restrictions. 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. The Organization's endowment funds are classified as without donor restrictions and with donor restrictions in the accompanying statements of financial position.

The Organization's endowment consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Without donor restrictions (board designated)	\$ 3,866,918	\$ 3,769,668
With donor restrictions	<u>7,853,376</u>	<u>8,218,280</u>
	<u>\$ 11,720,294</u>	<u>\$ 11,987,948</u>

Interpretation of Relevant Law

The Organization's Board of Trustees has interpreted the applicable provisions of New York Not-for-Profit Corporation Law (the Law) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Board of Trustees in a manner consistent with the standard of prudence prescribed by the Law.

12. ENDOWMENT (Continued)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the capital preservation level required by the Law. There were no such deficiencies at June 30, 2020 and 2019.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of board-designated funds that the Organization must contribute towards the operation of the Organization. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed an appropriate market index rate of return while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide an average rate of return of approximately 5% over the rate of inflation. Actual returns in any given period may vary from this amount.

Strategies Employed for Achieving Objectives

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 and Related Investment Objectives

The Organization has a policy of appropriating for distribution to support its operations each year amounts based on 5% of its endowment fund's moving 20-quarter market value average. In establishing this policy, the Organization considered the long-term expected return on its endowment. This is consistent with the Organization's objective to preserve principal, while providing a sustainable source of income for the Organization's operation.

The Law allows the Board of Trustees to expend net appreciation of endowment investments. The Board of Trustees must consider the long and short-term needs of the Organization in carrying out its purposes, its present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions when determining the amount to expend. The Organization believes that its total return spending policy meets New York State requirements.

12. ENDOWMENT (Continued)

Annual Activity

The Organization's endowment experienced the following changes during the years ended June 30, 2020 and 2019:

	(Board Designated) Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Balance - July 1, 2018	\$ 5,625,608	\$ 8,025,907	\$ 13,651,515
Net investment gain	37,347	-	37,347
Unappropriated earnings on endowment	-	458,905	458,905
Contributions	288,883	27,398	316,281
Appropriation of assets for expenditure	(282,170)	(293,930)	(576,100)
Elimination of Board designations	<u>(1,900,000)</u>	<u>-</u>	<u>(1,900,000)</u>
Balance - June 30, 2019	3,769,668	8,218,280	11,987,948
Net investment gain	18,729	-	18,729
Net investment loss on endowment	-	(70,764)	(70,764)
Contributions	359,282	1,800	361,082
Appropriation of assets for expenditure	<u>(280,761)</u>	<u>(295,940)</u>	<u>(576,701)</u>
Balance - June 30, 2020	<u>\$ 3,866,918</u>	<u>\$ 7,853,376</u>	<u>\$ 11,720,294</u>

13. SPLIT-INTEREST AGREEMENTS

Composition

The underlying assets of the Organization's split-interest agreements consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Cash equivalents	\$ 3,336	\$ 3,427
Equity mutual funds	461,653	17,158
Fixed income mutual funds	<u>6,999</u>	<u>13,773</u>
	<u>\$ 471,988</u>	<u>\$ 34,358</u>

Split-Interest Agreements' Liability

The Organization has recorded a liability at an amount equal to the estimated present value of payments that the Organization is required to make to specific beneficiaries under the terms of these arrangements. This liability was \$221,300 and \$20,744 at June 30, 2020 and 2019, respectively. The expected liability for payments to the annuitants is based on factors established at the time of the gift and is updated annually based on the estimated present value of the liability and the primary beneficiaries estimated remaining life expectancy.

14. FINANCING ARRANGEMENTS

Lines of Credit

At June 30, 2020 and 2019, WXXI had a \$3,000,000 revolving line of credit with a bank. Borrowings on this line of credit bear interest at the 30-day LIBOR plus 1.65% (1.81% at June 30, 2020) and are secured by WXXI's equipment, fixtures, inventories, and receivables. There was \$2,607,000 and \$990,000 outstanding on this line of credit at June 30, 2020 and 2019, respectively.

The Little may borrow up to \$10,000 under the terms of an annually renewable line of credit arrangement with a bank. Amounts borrowed bear interest at the bank's prime rate plus 1.75% (5% at June 30, 2020). There were no amounts outstanding under the terms of this arrangement at June 30, 2020 and 2019.

Long-Term Debt

Long-term debt consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Mortgage payable to a bank in monthly principal installments ranging from \$7,260 to \$10,096, plus interest, through April 2023, when a balloon payment equal to the outstanding principal is due. This mortgage bears interest at the 30-day LIBOR plus 1.65% (1.81% at June 30, 2020) and is collateralized by property located at 280 State Street, Rochester, New York.	\$ 2,808,081	\$ 2,916,959
U.S. Small Business Administration notes payable in aggregate monthly installments of \$2,013 through June 2050 including interest ranging from 2.75% to 3.75%, collateralized by the Organization's assets.	450,000	-
Notes payable to banks in aggregate monthly installments of \$817 through March 2024. These notes are collateralized by the related vehicles.	<u>28,198</u>	<u>42,224</u>
	3,286,279	2,959,183
Less: Current portion	<u>(133,209)</u>	<u>(139,530)</u>
	<u>\$ 3,153,070</u>	<u>\$ 2,819,653</u>

Future minimum principal payments on long-term debt are as follows for the years ending June 30:

2021	\$ 133,209
2022	146,001
2023	2,606,818
2024	27,670
2025	24,156
Thereafter	<u>348,425</u>
	<u>\$ 3,286,279</u>

14. FINANCING ARRANGEMENTS (Continued)

Capital Lease Obligation

WXXI has entered a capital lease obligation for computer equipment that requires monthly payments of \$3,219, including interest at 4.5%, through January 2024.

Future minimum lease payments are as follows for the years ending June 30:

2021	\$	38,625
2022		38,625
2023		38,625
2024		<u>20,125</u>
		136,000
Less: Amount representing interest		<u>(10,423)</u>
Present value of future minimum lease payments		125,577
Less: Current portion		<u>(33,674)</u>
	\$	<u>91,903</u>

Interest Rate Swap Agreement

WXXI has entered into an interest rate swap agreement to reduce the impact of changes in interest rates on its floating rate mortgage payable. This agreement effectively changed WXXI's interest rate exposure on this obligation from a floating rate equal to the 30-day LIBOR rate plus 1.65% to a fixed rate of 3.65%. The notional amount of the swap was \$2,005,772 and \$2,083,542 at June 30, 2020 and 2019, respectively. This agreement expires in May 2023.

Fair Value of Interest Rate Swap Agreement

The interest rate swap agreement is measured at fair value on a recurring basis utilizing the following input levels at June 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Interest rate swap	\$ <u> </u> -	\$ <u>(104,309)</u>	\$ <u> </u> -	\$ <u>(104,309)</u>

The interest rate swap agreement is measured at fair value on a recurring basis utilizing the following input levels at June 30, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Interest rate swap	\$ <u> </u> -	\$ <u>(27,857)</u>	\$ <u> </u> -	\$ <u>(27,857)</u>

The fair value of the interest rate swap agreement is based on estimates obtained from an intermediary bank. The intermediary bank values the agreement based on the expected cash flows from each transaction between WXXI and the intermediary bank, which are subject to the interest rate swap agreement using relevant mid-market data inputs and based on the assumption of no unusual market conditions or forced liquidation.

14. FINANCING ARRANGEMENTS (Continued)

Fair Value of Interest Rate Swap Agreement (Continued)

The fair value of the Organization's interest rate swap contract was as follows at June 30:

	<u>Description</u>	<u>Location</u>	<u>Amount</u>
2020	Interest rate swap contract	Long-term liabilities	\$ <u>(104,309)</u>
2019	Interest rate swap contract	Long-term liabilities	\$ <u>(27,857)</u>

The effect of derivative instruments on the consolidated statements of activities and change in net assets for the years ended June 30 was as follows:

	<u>Description</u>	<u>Location of Loss Recognized (Effective Portion)</u>	<u>Amount of Loss Recognized (Effective Portion)</u>
2020	Loss on interest rate swap contract	Other changes in net assets	\$ <u>(76,452)</u>
2019	Loss on interest rate swap contract	Other changes in net assets	\$ <u>(92,412)</u>

Interest

Interest expense and interest paid under the terms of all of the Organization's financing arrangements was \$161,884 and \$192,174 during the years ended June 30, 2020 and 2019, respectively.

Financial Covenants

WXXI's mortgage with the bank contains various covenants, including a minimum debt service coverage ratio and a minimum investment balance without donor restrictions of \$3,500,000. WXXI was in compliance with these covenants at June 30, 2020 and 2019.

15. RETIREMENT PLAN

WXXI participates in contributory retirement plans administered by the Teachers Insurance Annuity Association of America (TIAA) and College Retirement Equities Fund (CREF) for substantially all employees. WXXI's policy is to accrue the costs of these defined contribution benefits as they are incurred. Total expense charged to operations relating to these plans was approximately \$313,000 and \$386,000 for the years ended June 30, 2020 and 2019, respectively.

WXXI has also established deferred compensation plans in accordance with Sections 457(b) and 457(f) of the Internal Revenue Service Code and entered into participation agreements with its President and Executive Vice-President under the terms of the plans. WXXI has recorded a liability of \$557,798 and \$534,799 at June 30, 2020 and 2019, respectively, in connection with these plans, which is recorded as other liabilities in the accompanying statements of financial position. The amounts accrued through June 30, 2020 are funded with TIAA/CREF. These funds are included in long-term investments in the accompanying statements of financial position.

16. COMMITMENTS

Leases

WXXI leases land for its transmission tower, transmitting equipment, and building space that contains production facilities under the terms of various operating leases. The Little also leases parking space and building space under the terms of a separate lease. Future minimum rental commitments under the terms of all leases are as follows for the years ending June 30:

2021	\$	76,713
2022		9,646
2023		2,787
2024		2,899
2025		<u>3,115</u>
	\$	<u>95,160</u>

Rent expense under the terms of these lease arrangements was approximately \$134,000 and \$139,000 for the years ended June 30, 2020 and 2019, respectively.

17. PAYCHECK PROTECTION PROGRAM GRANT

In April 2020, the Organization entered into arrangements with a bank under the provisions of the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief & Economic Security Act (CARES Act) under which the Organization received \$1,701,856. These arrangements are evidenced by loan agreements that include provisions whereby the loan balance can be fully or partially forgiven based on the Organization's use of the funds, maintenance of its personnel complement, and compliance with certain reporting elements to the bank in accordance with the requirements of the PPP Program.

The Organization has elected to account for its PPP arrangement as a conditional contribution, meaning that revenue is recorded as the conditions meeting the requirements for forgiveness are met. Ultimately, forgiveness will be adjudicated by the bank and approved by the U.S. Small Business Administration. The outcome of whether this arrangement will be forgiven has not been determined as of the date these financial statements were available to be issued. The Organization expects this determination to be made during its fiscal year ending June 30, 2021.

Through June 30, 2020, the Organization estimates that it administered the proceeds of its PPP arrangements and managed its staff complements in a manner that met the conditions for forgiveness for \$1,263,056 of the balance received under the PPP arrangements. This amount is recorded as grant revenue on the accompanying statement of activities and change in net assets for the year ended June 30, 2020. The remaining balance of \$438,800 is recorded as deferred revenue on the accompanying statement of financial position at June 30, 2020.

These estimates, while considered reasonable as of the date the financial statements were available to be issued, are subject to change based on the Organization's administration of its PPP arrangements after June 30, 2020.

17. PAYCHECK PROTECTION PROGRAM GRANT (Continued)

Under the terms of the PPP loan agreements, any balance related to these arrangements that is not ultimately forgiven will be repayable in monthly installments, plus interest at 1%. PPP borrowers can take up to 24 weeks for their forgiveness period and then ten months after that to apply for forgiveness. No payments will be required until the end of the ten months.

18. SUBSEQUENT EVENTS

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a national, regional, and local level are unknown, but it has the potential to result in a significant economic impact. The future impact of this situation on the Organization and its future results and financial position is not presently determinable.

Subsequent events have been evaluated through October 13, 2020, which is the date the financial statements were available to be issued.

WXXI PUBLIC BROADCASTING COUNCIL AND AFFILIATES**CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020**

	WXXI Public Broadcasting Council	The Little Theatre Film Society, Inc.	Rochester Area Media Partners, LLC	Eliminations	Total
ASSETS					
CURRENT ASSETS:					
Cash	\$ 1,818,222	\$ 275,943	\$ 265,523	\$ -	\$ 2,359,688
Receivables, net	860,742	78,832	64,644	-	1,004,218
Current portion of note receivable from affiliate	73,545	-	-	(73,545)	-
Current portion of program rights, net of accumulated amortization	808,411	-	-	-	808,411
Prepaid expenses and other current assets	105,372	42,483	-	-	147,855
Total current assets	<u>3,666,292</u>	<u>397,258</u>	<u>330,167</u>	<u>(73,545)</u>	<u>4,320,172</u>
OTHER ASSETS:					
Property and equipment, net	6,810,293	4,386,811	-	-	11,197,104
Note receivable from affiliate, net of current portion	621,370	-	-	(621,370)	-
Program rights, net of current portion and accumulated amortization	270,283	-	-	-	270,283
Beneficial interest in split-interest agreements	471,988	-	-	-	471,988
Investments	11,590,644	129,650	-	-	11,720,294
Investment in subsidiaries	3,140,876	-	-	(3,140,876)	-
Other investment	364,808	-	-	-	364,808
Total other assets	<u>23,270,262</u>	<u>4,516,461</u>	<u>-</u>	<u>(3,762,246)</u>	<u>24,024,477</u>
	<u>\$ 26,936,554</u>	<u>\$ 4,913,719</u>	<u>\$ 330,167</u>	<u>\$ (3,835,791)</u>	<u>\$ 28,344,649</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES:					
Lines of credit	\$ 2,607,000	\$ -	\$ -	\$ -	\$ 2,607,000
Current portion of long-term debt	133,209	-	-	-	133,209
Current portion of capital lease obligation	33,674	-	-	-	33,674
Accounts payable and accrued expenses	729,042	159,225	17,329	-	905,596
Current portion of note payable to affiliate	-	12,999	60,546	(73,545)	-
Deferred revenue - other	-	16,395	-	-	16,395
Deferred revenue - Paycheck Protection Program grant	334,000	48,000	56,800	-	438,800
Current portion of split-interest agreements	32,706	-	-	-	32,706
Total current liabilities	<u>3,869,631</u>	<u>236,619</u>	<u>134,675</u>	<u>(73,545)</u>	<u>4,167,380</u>
LONG-TERM LIABILITIES:					
Long-term debt, net of current portion	2,853,070	150,000	150,000	-	3,153,070
Capital lease obligation, net of current portion	91,903	-	-	-	91,903
Note payable to affiliate, net of current portion	-	481,916	139,454	(621,370)	-
Split-interest agreements, net of current portion	188,594	-	-	-	188,594
Other liabilities	557,798	-	-	-	557,798
Interest rate swap contract	104,309	-	-	-	104,309
Total long-term liabilities	<u>3,795,674</u>	<u>631,916</u>	<u>289,454</u>	<u>(621,370)</u>	<u>4,095,674</u>
Total liabilities	<u>7,665,305</u>	<u>868,535</u>	<u>424,129</u>	<u>(694,915)</u>	<u>8,263,054</u>
NET ASSETS:					
Without donor restrictions	9,729,929	3,821,965	(93,962)	(3,140,876)	10,317,056
With donor restrictions	9,541,320	223,219	-	-	9,764,539
Total net assets	<u>19,271,249</u>	<u>4,045,184</u>	<u>(93,962)</u>	<u>(3,140,876)</u>	<u>20,081,595</u>
	<u>\$ 26,936,554</u>	<u>\$ 4,913,719</u>	<u>\$ 330,167</u>	<u>\$ (3,835,791)</u>	<u>\$ 28,344,649</u>

The accompanying notes are an integral part of these exhibits.

WXXI PUBLIC BROADCASTING COUNCIL AND AFFILIATES**CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019**

	WXXI Public Broadcasting Council	The Little Theatre Film Society, Inc.	Rochester Area Media Partners, LLC	Eliminations	Total
ASSETS					
CURRENT ASSETS:					
Cash	\$ 500,459	\$ 69,547	\$ 91,480	\$ -	\$ 661,486
Receivables, net	1,485,308	98,423	194,797	-	1,778,528
Current portion of note receivable from affiliate	17,032	-	-	(17,032)	-
Current portion of program rights, net of accumulated amortization	802,780	-	-	-	802,780
Prepaid expenses and other current assets	192,805	46,931	-	-	239,736
Total current assets	<u>2,998,384</u>	<u>214,901</u>	<u>286,277</u>	<u>(17,032)</u>	<u>3,482,530</u>
OTHER ASSETS:					
Property and equipment, net	7,066,460	2,728,570	-	-	9,795,030
Note receivable from affiliate, net of current portion	690,250	-	-	(690,250)	-
Program rights, net of current portion and accumulated amortization	263,872	-	-	-	263,872
Beneficial interest in split-interest agreements	34,358	-	-	-	34,358
Investments	11,853,995	133,953	-	-	11,987,948
Investment in subsidiary	1,476,841	-	-	(1,476,841)	-
Other investment	331,475	-	-	-	331,475
Total other assets	<u>21,717,251</u>	<u>2,862,523</u>	<u>-</u>	<u>(2,167,091)</u>	<u>22,412,683</u>
	<u>\$ 24,715,635</u>	<u>\$ 3,077,424</u>	<u>\$ 286,277</u>	<u>\$ (2,184,123)</u>	<u>\$ 25,895,213</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES:					
Lines of credit	\$ 990,000	\$ -	\$ -	\$ -	\$ 990,000
Current portion of long-term debt	139,530	-	-	-	139,530
Current portion of capital lease obligation	32,198	-	-	-	32,198
Accounts payable and accrued expenses	620,557	68,958	153,923	-	843,438
Current portion of note payable to affiliate	-	12,367	4,665	(17,032)	-
Deferred revenue - other	-	20,407	9,393	-	29,800
Current portion of split-interest agreements	11,674	-	-	-	11,674
Total current liabilities	<u>1,793,959</u>	<u>101,732</u>	<u>167,981</u>	<u>(17,032)</u>	<u>2,046,640</u>
LONG-TERM LIABILITIES:					
Long-term debt, net of current portion	2,819,653	-	-	-	2,819,653
Capital lease obligation, net of current portion	125,577	-	-	-	125,577
Note payable to affiliate, net of current portion	-	494,915	195,335	(690,250)	-
Split-interest agreements, net of current portion	9,070	-	-	-	9,070
Other liabilities	534,799	-	-	-	534,799
Interest rate swap contract	27,857	-	-	-	27,857
Total long-term liabilities	<u>3,516,956</u>	<u>494,915</u>	<u>195,335</u>	<u>(690,250)</u>	<u>3,516,956</u>
Total liabilities	<u>5,310,915</u>	<u>596,647</u>	<u>363,316</u>	<u>(707,282)</u>	<u>5,563,596</u>
NET ASSETS:					
Without donor restrictions	9,634,355	2,254,669	(77,039)	(1,476,841)	10,335,144
With donor restrictions	9,770,365	226,108	-	-	9,996,473
Total net assets	<u>19,404,720</u>	<u>2,480,777</u>	<u>(77,039)</u>	<u>(1,476,841)</u>	<u>20,331,617</u>
	<u>\$ 24,715,635</u>	<u>\$ 3,077,424</u>	<u>\$ 286,277</u>	<u>\$ (2,184,123)</u>	<u>\$ 25,895,213</u>

The accompanying notes are an integral part of these exhibits.

WXXI PUBLIC BROADCASTING COUNCIL AND AFFILIATES
**CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2020**

	WXXI Public Broadcasting Council - TV			WXXI Public Broadcasting Council - Radio		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE:						
Contributions	\$ 2,618,169	\$ 212,308	\$ 2,830,477	\$ 956,500	\$ 82,564	\$ 1,039,064
Membership income	2,887,602	-	2,887,602	1,185,671	-	1,185,671
Corporation for Public Broadcasting grants	1,650,266	-	1,650,266	360,581	207,856	568,437
New York State Department of Education grants	1,241,491	-	1,241,491	69,866	-	69,866
Paycheck Protection Program grant revenue	767,220	-	767,220	298,364	-	298,364
Investment income allocated to operations	411,840	-	411,840	160,160	-	160,160
Rental and other income	71,658	-	71,658	5,216	-	5,216
Box office sales	-	-	-	-	-	-
Café and concession sales	-	-	-	-	-	-
Other grants	269,578	-	269,578	5,600	-	5,600
In-kind contributions	14,792	-	14,792	24,189	-	24,189
Change in beneficial interest in split-interest agreements	-	(4,175)	(4,175)	-	(1,623)	(1,623)
Satisfaction of purpose/time restrictions	258,675	(258,675)	-	100,596	(100,596)	-
Total operating revenue	10,191,291	(50,542)	10,140,749	3,166,743	188,201	3,354,944
OPERATING EXPENSES:						
Program services -						
Programming and production	3,175,194	-	3,175,194	2,809,640	-	2,809,640
Broadcasting	1,692,517	-	1,692,517	794,599	-	794,599
Program information	361,498	-	361,498	197,946	-	197,946
Total program services	5,229,209	-	5,229,209	3,802,185	-	3,802,185
Supporting services -						
Management and general	1,737,988	-	1,737,988	493,723	-	493,723
Fundraising and development -						
Membership and other development	931,934	-	931,934	362,419	-	362,419
Underwriting	135,690	-	135,690	254,051	-	254,051
Total supporting services	2,805,612	-	2,805,612	1,110,193	-	1,110,193
Total operating expenses	8,034,821	-	8,034,821	4,912,378	-	4,912,378
CHANGE IN NET ASSETS FROM OPERATIONS	2,156,470	(50,542)	2,105,928	(1,745,635)	188,201	(1,557,434)
OTHER CHANGES IN NET ASSETS:						
Capital grants and contributions	1,440	-	1,440	560	-	560
Investment income (loss), net of amount allocated to operations	25,381	(50,950)	(25,569)	9,870	(19,814)	(9,944)
Accumulated endowment earnings allocated to operations	(198,763)	(213,077)	(411,840)	(77,297)	(82,863)	(160,160)
Loss on interest rate swap contract	(55,045)	-	(55,045)	(21,407)	-	(21,407)
Total other changes in net assets	(226,987)	(264,027)	(491,014)	(88,274)	(102,677)	(190,951)
CHANGE IN NET ASSETS	\$ 1,929,483	\$ (314,569)	\$ 1,614,914	\$ (1,833,909)	\$ 85,524	\$ (1,748,385)

The Little Theatre Film Society, Inc.			Rochester Area Media Partners, LLC				
Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	Total
\$ 127,012	\$ -	\$ 127,012	\$ -	\$ -	\$ -	\$ -	\$ 3,996,553
370,755	-	370,755	-	-	-	-	4,444,028
-	-	-	-	-	-	-	2,218,703
-	-	-	-	-	-	-	1,311,357
112,272	-	112,272	85,200	-	85,200	-	1,263,056
4,700	-	4,700	-	-	-	-	576,700
6,594	-	6,594	1,003,445	-	1,003,445	(21,845)	1,065,068
440,689	-	440,689	-	-	-	(5,100)	435,589
334,305	-	334,305	-	-	-	-	334,305
-	-	-	29,407	-	29,407	-	304,585
-	-	-	-	-	-	-	38,981
-	-	-	-	-	-	-	(5,798)
-	-	-	-	-	-	-	-
<u>1,396,327</u>	<u>-</u>	<u>1,396,327</u>	<u>1,118,052</u>	<u>-</u>	<u>1,118,052</u>	<u>(26,945)</u>	<u>15,983,127</u>
1,544,263	-	1,544,263	1,089,069	-	1,089,069	(52,028)	8,566,138
-	-	-	-	-	-	-	2,487,116
-	-	-	-	-	-	-	559,444
<u>1,544,263</u>	<u>-</u>	<u>1,544,263</u>	<u>1,089,069</u>	<u>-</u>	<u>1,089,069</u>	<u>(52,028)</u>	<u>11,612,698</u>
48,505	-	48,505	277,624	-	277,624	-	2,557,840
103,595	-	103,595	-	-	-	-	1,397,948
-	-	-	-	-	-	-	389,741
<u>152,100</u>	<u>-</u>	<u>152,100</u>	<u>277,624</u>	<u>-</u>	<u>277,624</u>	<u>-</u>	<u>4,345,529</u>
<u>1,696,363</u>	<u>-</u>	<u>1,696,363</u>	<u>1,366,693</u>	<u>-</u>	<u>1,366,693</u>	<u>(52,028)</u>	<u>15,958,227</u>
<u>(300,036)</u>	<u>-</u>	<u>(300,036)</u>	<u>(248,641)</u>	<u>-</u>	<u>(248,641)</u>	<u>25,083</u>	<u>24,900</u>
436,430	-	436,430	-	-	-	-	438,430
3,285	(2,889)	396	-	-	-	(25,083)	(60,200)
(4,700)	-	(4,700)	-	-	-	-	(576,700)
-	-	-	-	-	-	-	(76,452)
<u>435,015</u>	<u>(2,889)</u>	<u>432,126</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,083)</u>	<u>(274,922)</u>
<u>\$ 134,979</u>	<u>\$ (2,889)</u>	<u>\$ 132,090</u>	<u>\$ (248,641)</u>	<u>\$ -</u>	<u>\$ (248,641)</u>	<u>\$ -</u>	<u>\$ (250,022)</u>

The accompanying notes are an integral part of these exhibits.

WXXI PUBLIC BROADCASTING COUNCIL AND AFFILIATES

**CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2019**

	WXXI Public Broadcasting Council - TV			WXXI Public Broadcasting Council - Radio		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE:						
Contributions	\$ 3,167,915	\$ 35,250	\$ 3,203,165	\$ 1,514,177	\$ 7,671	\$ 1,521,848
Membership income	2,672,304	-	2,672,304	1,162,712	-	1,162,712
Corporation for Public Broadcasting grants	1,207,038	-	1,207,038	321,018	87,033	408,051
New York State Department of Education grants	1,279,587	-	1,279,587	117,626	-	117,626
Investment income allocated to operations	572,000	-	572,000	-	-	-
Rental and other income	188,924	-	188,924	10,838	-	10,838
Box office sales	-	-	-	-	-	-
Café and concession sales	-	-	-	-	-	-
Other grants	259,160	-	259,160	5,600	-	5,600
In-kind contributions	5,853	-	5,853	10,580	-	10,580
Change in beneficial interest in split-interest agreements	-	(19,843)	(19,843)	-	(7,717)	(7,717)
Satisfaction of purpose/time restrictions	1,838,978	(1,838,978)	-	250,770	(250,770)	-
Total operating revenue	11,191,759	(1,823,571)	9,368,188	3,393,321	(163,783)	3,229,538
OPERATING EXPENSES:						
Program services -						
Programming and production	3,362,894	-	3,362,894	2,632,307	-	2,632,307
Broadcasting	1,910,889	-	1,910,889	465,838	-	465,838
Program information	295,727	-	295,727	199,893	-	199,893
Total program services	5,569,510	-	5,569,510	3,298,038	-	3,298,038
Supporting services -						
Management and general	1,696,150	-	1,696,150	531,619	-	531,619
Fundraising and development -						
Membership and other development	1,012,098	-	1,012,098	393,594	-	393,594
Underwriting	155,487	-	155,487	291,118	-	291,118
Total supporting services	2,863,735	-	2,863,735	1,216,331	-	1,216,331
Total operating expenses	8,433,245	-	8,433,245	4,514,369	-	4,514,369
CHANGE IN NET ASSETS FROM OPERATIONS	2,758,514	(1,823,571)	934,943	(1,121,048)	(163,783)	(1,284,831)
OTHER CHANGES IN NET ASSETS:						
Capital grants and contributions	6,641	-	6,641	2,583	-	2,583
Investment income, net of amount allocated to operations	51,483	330,412	381,895	20,021	128,493	148,514
Accumulated endowment earnings allocated to operations	(278,070)	(293,930)	(572,000)	-	-	-
Loss on interest rate swap contract	(66,537)	-	(66,537)	(25,875)	-	(25,875)
Acquisition expense	-	-	-	-	-	-
Total other changes in net assets	(286,483)	36,482	(250,001)	(3,271)	128,493	125,222
CHANGE IN NET ASSETS	\$ 2,472,031	\$ (1,787,089)	\$ 684,942	\$ (1,124,319)	\$ (35,290)	\$ (1,159,609)

The Little Theatre Film Society, Inc.			Rochester Area Media Partners, LLC				
Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	Total
\$ 137,089	\$ -	\$ 137,089	\$ -	\$ -	\$ -	\$ -	\$ 4,862,102
365,555	-	365,555	-	-	-	-	4,200,571
-	-	-	-	-	-	-	1,615,089
-	-	-	-	-	-	-	1,397,213
4,100	-	4,100	-	-	-	-	576,100
25,585	-	25,585	310,361	-	310,361	(2,660)	533,048
521,090	-	521,090	-	-	-	(5,500)	515,590
276,996	-	276,996	-	-	-	-	276,996
-	-	-	-	-	-	-	264,760
-	-	-	-	-	-	-	16,433
-	-	-	-	-	-	-	(27,560)
1,330	(1,330)	-	-	-	-	-	-
<u>1,331,745</u>	<u>(1,330)</u>	<u>1,330,415</u>	<u>310,361</u>	<u>-</u>	<u>310,361</u>	<u>(8,160)</u>	<u>14,230,342</u>
1,348,696	-	1,348,696	218,513	-	218,513	(33,845)	7,528,565
-	-	-	-	-	-	-	2,376,727
-	-	-	-	-	-	-	495,620
<u>1,348,696</u>	<u>-</u>	<u>1,348,696</u>	<u>218,513</u>	<u>-</u>	<u>218,513</u>	<u>(33,845)</u>	<u>10,400,912</u>
154,656	-	154,656	71,684	-	71,684	-	2,454,109
109,582	-	109,582	-	-	-	-	1,515,274
-	-	-	-	-	-	-	446,605
<u>264,238</u>	<u>-</u>	<u>264,238</u>	<u>71,684</u>	<u>-</u>	<u>71,684</u>	<u>-</u>	<u>4,415,988</u>
1,612,934	-	1,612,934	290,197	-	290,197	(33,845)	14,816,900
<u>(281,189)</u>	<u>(1,330)</u>	<u>(282,519)</u>	<u>20,164</u>	<u>-</u>	<u>20,164</u>	<u>25,685</u>	<u>(586,558)</u>
294,711	-	294,711	-	-	-	-	303,935
4,737	1,914	6,651	-	-	-	(25,685)	511,375
(4,100)	-	(4,100)	-	-	-	-	(576,100)
-	-	-	-	-	-	-	(92,412)
-	-	-	(97,203)	-	(97,203)	-	(97,203)
<u>295,348</u>	<u>1,914</u>	<u>297,262</u>	<u>(97,203)</u>	<u>-</u>	<u>(97,203)</u>	<u>(25,685)</u>	<u>49,595</u>
\$ 14,159	\$ 584	\$ 14,743	\$ (77,039)	\$ -	\$ (77,039)	\$ -	\$ (536,963)

The accompanying notes are an integral part of these exhibits.

WXXI PUBLIC BROADCASTING COUNCIL AND AFFILIATES

**CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020**

WXXI Public Broadcasting Council									
	Program Services				Supporting Services				
	Programming and Production	Broadcasting	Program Information	Total	Membership and Other Development	Underwriting	Management and General	Total	Total
Personnel costs -									
Salaries and wages	\$ 2,469,475	\$ 712,312	\$ 263,024	\$ 3,444,811	\$ 521,061	\$ 284,419	\$ 1,147,539	\$ 1,953,019	\$ 5,397,830
Payroll taxes and employee benefits	630,958	209,711	89,319	929,988	152,832	65,011	282,269	500,112	1,430,100
Total personnel costs	3,100,433	922,023	352,343	4,374,799	673,893	349,430	1,429,808	2,453,131	6,827,930
Program acquisition	1,693,998	-	-	1,693,998	-	-	-	-	1,693,998
Contract services	475,020	271,937	20,000	766,957	119,977	25,723	170,212	315,912	1,082,869
Depreciation	154,667	604,963	7,660	767,290	6,454	4,394	99,949	110,797	878,087
Occupancy	25,808	450,618	-	476,426	-	-	-	-	476,426
Memberships	212,249	805	3,555	216,609	5,271	2,839	73,216	81,326	297,935
Professional services, excluding in-kind contributions	85,576	-	-	85,576	6,255	-	97,352	103,607	189,183
Cost of goods sold	-	-	-	-	-	-	-	-	-
Rental and maintenance of equipment	39,119	82,227	25,694	147,040	-	-	6,555	6,555	153,595
Advertising	34,553	10,536	9,950	55,039	3,960	10	-	3,970	59,009
Interest	-	-	-	-	-	-	161,396	161,396	161,396
Printing and publications	14,894	3,418	71,102	89,414	13,048	2,353	16,043	31,444	120,858
Direct mail	1,009	-	16	1,025	118,315	-	-	118,315	119,340
Premiums	11	-	-	11	122,547	760	164	123,471	123,482
Interconnections	1,103	95,735	-	96,838	-	-	33,023	33,023	129,861
Bank charges	-	-	-	-	77,453	-	13,655	91,108	91,108
Postage	1,623	1	15,829	17,453	53,617	225	3,073	56,915	74,368
Program production	62,640	-	-	62,640	-	-	-	-	62,640
Telephone	15,180	8,315	2,955	26,450	3,012	1,500	7,923	12,435	38,885
Travel	31,590	4,828	-	36,418	-	1,875	12,262	14,137	50,555
Office supplies	8,565	808	4,880	14,253	7,744	184	10,020	17,948	32,201
Shipping	1,013	1,041	123	2,177	10,821	-	662	11,483	13,660
Stationwide training	5,050	-	-	5,050	-	-	5,939	5,939	10,989
Other	20,733	29,861	45,337	95,931	71,986	448	90,459	162,893	258,824
	<u>\$ 5,984,834</u>	<u>\$ 2,487,116</u>	<u>\$ 559,444</u>	<u>\$ 9,031,394</u>	<u>\$ 1,294,353</u>	<u>\$ 389,741</u>	<u>\$ 2,231,711</u>	<u>\$ 3,915,805</u>	<u>\$ 12,947,199</u>

The Little Theatre Film Society, Inc.				Rochester Area Media Partners, LLC					
Program Services	Management and General	Fundraising and Development	Total	Program Services	Management and General	Fundraising and Development	Total	Eliminations	Total
\$ 558,755	\$ 20,105	\$ 42,417	\$ 621,277	\$ 564,457	\$ 33,290	\$ -	\$ 597,747	\$ -	\$ 6,616,854
111,312	1,750	12,032	125,094	105,589	6,227	-	111,816	-	1,667,010
670,067	21,855	54,449	746,371	670,046	39,517	-	709,563	-	8,283,864
-	-	-	-	-	-	-	-	-	1,693,998
57,975	14,286	374	72,635	393,657	26,993	-	420,650	-	1,576,154
130,179	-	-	130,179	-	6,595	-	6,595	-	1,014,861
100,903	-	-	100,903	-	17,381	-	17,381	-	594,710
820	-	350	1,170	-	6,113	-	6,113	-	305,218
46,489	2,956	-	49,445	-	-	-	-	-	238,628
229,533	-	-	229,533	-	-	-	-	-	229,533
55,460	114	3,792	59,366	-	23,467	-	23,467	(21,845)	214,583
6,389	181	-	6,570	2,641	116,861	-	119,502	-	185,081
25,083	147	-	25,230	-	341	-	341	(25,083)	161,884
10,516	4,285	6,779	21,580	-	-	-	-	-	142,438
-	-	18,209	18,209	-	-	-	-	-	137,549
19,031	-	-	19,031	-	-	-	-	(5,100)	137,413
526	2,628	-	3,154	-	-	-	-	-	133,015
21,170	-	7,470	28,640	-	11,814	-	11,814	-	131,562
479	425	8,502	9,406	1,000	2,787	-	3,787	-	87,561
-	-	-	-	-	-	-	-	-	62,640
15,448	-	300	15,748	-	-	-	-	-	54,633
2,667	-	2,191	4,858	-	-	-	-	-	55,413
702	995	45	1,742	-	14,967	-	14,967	-	48,910
8,015	111	-	8,126	-	-	-	-	-	21,786
-	386	-	386	-	-	-	-	-	11,375
142,811	136	1,134	144,081	21,725	10,788	-	32,513	-	435,418
<u>\$ 1,544,263</u>	<u>\$ 48,505</u>	<u>\$ 103,595</u>	<u>\$ 1,696,363</u>	<u>\$ 1,089,069</u>	<u>\$ 277,624</u>	<u>\$ -</u>	<u>\$ 1,366,693</u>	<u>\$ (52,028)</u>	<u>\$ 15,958,227</u>

WXXI PUBLIC BROADCASTING COUNCIL AND AFFILIATES

**CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019**

WXXI Public Broadcasting Council									
	Program Services				Supporting Services				
	Programming and Production	Broadcasting	Program Information	Total	Membership and Other Development	Underwriting	Management and General	Total	Total
Personnel costs -									
Salaries and wages	\$ 2,411,136	\$ 660,861	\$ 235,773	\$ 3,307,770	\$ 502,628	\$ 319,304	\$ 1,133,844	\$ 1,955,776	\$ 5,263,546
Payroll taxes and employee benefits	625,017	197,869	80,392	903,278	162,324	79,472	306,777	548,573	1,451,851
Total personnel costs	3,036,153	858,730	316,165	4,211,048	664,952	398,776	1,440,621	2,504,349	6,715,397
Program acquisition	1,681,697	-	-	1,681,697	-	-	-	-	1,681,697
Contract services	376,269	295,619	13,627	685,515	80,313	27,898	164,869	273,080	958,595
Depreciation	148,194	541,962	7,132	697,288	13,052	4,425	53,733	71,210	768,498
Occupancy	24,065	432,156	-	456,221	-	-	-	-	456,221
Memberships	172,726	1,359	6,556	180,641	8,859	2,497	61,505	72,861	253,502
Professional services, excluding in-kind contributions	193,926	3,184	-	197,110	8,184	-	114,607	122,791	319,901
Cost of goods sold	-	-	-	-	-	-	-	-	-
Rental and maintenance of equipment	39,260	120,912	19,269	179,441	80	-	3,244	3,324	182,765
Advertising	22,646	-	9,580	32,226	5,110	-	-	5,110	37,336
Interest	-	-	-	-	-	-	191,637	191,637	191,637
Printing and publications	23,504	3,514	69,640	96,658	12,454	1,417	10,413	24,284	120,942
Direct mail	-	-	-	-	166,828	-	-	166,828	166,828
Premiums	-	-	1,266	1,266	160,293	-	82	160,375	161,641
Interconnections	13,812	62,432	-	76,244	-	-	3,833	3,833	80,077
Bank charges	-	-	-	-	73,256	1,877	26,351	101,484	101,484
Postage	1,665	1	14,044	15,710	55,136	258	3,157	58,551	74,261
Program production	100,927	-	-	100,927	47	-	-	47	100,974
Telephone	13,420	12,189	2,223	27,832	8,480	420	7,433	16,333	44,165
Travel	96,143	6,651	63	102,857	8,978	6,554	31,214	46,746	149,603
Office supplies	6,081	2,184	2,841	11,106	5,010	259	8,941	14,210	25,316
Shipping	2,231	1,621	7	3,859	10,632	-	773	11,405	15,264
Stationwide training	7,025	-	973	7,998	477	884	8,930	10,291	18,289
Other	35,457	34,213	32,234	101,904	123,551	1,340	96,426	221,317	323,221
	<u>\$ 5,995,201</u>	<u>\$ 2,376,727</u>	<u>\$ 495,620</u>	<u>\$ 8,867,548</u>	<u>\$ 1,405,692</u>	<u>\$ 446,605</u>	<u>\$ 2,227,769</u>	<u>\$ 4,080,066</u>	<u>\$ 12,947,614</u>

The Little Theatre Film Society, Inc.				Rochester Area Media Partners, LLC					
Program Services	Management and General	Fundraising and Development	Total	Program Services	Management and General	Fundraising and Development	Total	Eliminations	Total
\$ 513,262	\$ 24,055	\$ 41,192	\$ 578,509	\$ 98,029	\$ 8,131	\$ -	\$ 106,160	\$ -	\$ 5,948,215
119,267	2,115	13,009	134,391	14,483	1,201	-	15,684	-	1,601,926
632,529	26,170	54,201	712,900	112,512	9,332	-	121,844	-	7,550,141
-	-	-	-	-	-	-	-	-	1,681,697
72,527	14,726	3,740	90,993	103,299	715	-	104,014	-	1,153,602
-	104,976	-	104,976	-	-	-	-	-	873,474
134,314	-	-	134,314	-	9,549	-	9,549	-	600,084
737	-	644	1,381	-	694	-	694	-	255,577
57,698	-	4,546	62,244	-	-	-	-	-	382,145
218,083	-	-	218,083	-	-	-	-	-	218,083
20,967	-	330	21,297	-	5,160	-	5,160	(2,660)	206,562
17,762	-	-	17,762	852	39,906	-	40,758	-	95,856
25,685	80	-	25,765	-	457	-	457	(25,685)	192,174
21,646	106	2,334	24,086	-	-	-	-	-	145,028
-	-	20,066	20,066	-	-	-	-	-	186,894
28,897	-	2,139	31,036	-	-	-	-	(5,500)	187,177
264	2,640	-	2,904	-	-	-	-	-	82,981
19,506	-	9,929	29,435	-	1,716	-	1,716	-	132,635
674	580	7,644	8,898	300	450	-	750	-	83,909
-	-	-	-	-	-	-	-	-	100,974
18,481	-	300	18,781	-	-	-	-	-	62,946
4,841	-	2,432	7,273	234	-	-	234	-	157,110
1,068	2,845	169	4,082	-	1,025	-	1,025	-	30,423
6,391	-	-	6,391	-	-	-	-	-	21,655
270	-	-	270	-	-	-	-	-	18,559
66,356	2,533	1,108	69,997	1,316	2,680	-	3,996	-	397,214
<u>\$ 1,348,696</u>	<u>\$ 154,656</u>	<u>\$ 109,582</u>	<u>\$ 1,612,934</u>	<u>\$ 218,513</u>	<u>\$ 71,684</u>	<u>\$ -</u>	<u>\$ 290,197</u>	<u>\$ (33,845)</u>	<u>\$ 14,816,900</u>

The accompanying notes are an integral part of these exhibits.

WXXI PUBLIC BROADCASTING COUNCIL AND AFFILIATES

**CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020**

	WXXI Public Broadcasting Council	The Little Theatre Film Society, Inc.	Rochester Area Media Partners, LLC	Eliminations	Total
CASH FLOW FROM OPERATING ACTIVITIES:					
Change in net assets	\$ (133,471)	\$ 132,090	\$ (248,641)	\$ -	\$ (250,022)
Adjustments to reconcile change in net assets to net cash flow from operating activities:					
Capital grants and contributions	(2,000)	(436,430)	-	-	(438,430)
Perpetually restricted contributions	(1,800)	-	-	-	(1,800)
Provision for doubtful accounts	6,400	14,974	-	-	21,374
Depreciation	878,087	130,179	-	-	1,008,266
Loss on disposal of property and equipment	27,647	-	-	-	27,647
Non-cash contribution	(242,072)	-	-	-	(242,072)
Change in value of split-interest agreements, net	4,998	-	-	-	4,998
Loss on investments, net	24,517	-	-	-	24,517
Loss on interest rate swap contract	76,452	-	-	-	76,452
Changes in:					
Receivables	668,419	4,617	130,153	-	803,189
Program rights	(12,042)	-	-	-	(12,042)
Prepaid expenses and other current assets	31,630	4,448	-	-	36,078
Accounts payable and accrued expenses	108,485	90,267	(136,594)	-	62,158
Deferred revenue - other	-	(4,012)	(9,393)	-	(13,405)
Deferred revenue - Paycheck Protection Program grant	334,000	48,000	56,800	-	438,800
Net cash flow from operating activities	<u>1,769,250</u>	<u>(15,867)</u>	<u>(207,675)</u>	<u>-</u>	<u>1,545,708</u>
CASH FLOW FROM INVESTING ACTIVITIES:					
Purchases of property and equipment	(768,152)	(1,788,420)	-	-	(2,556,572)
Proceeds from disposal of property and equipment	118,585	-	-	-	118,585
Investment in subsidiary	(1,664,035)	1,432,317	231,718	-	-
Change in investments, net	238,834	4,303	-	-	243,137
Purchase of other investment	(33,333)	-	-	-	(33,333)
Net cash flow from investing activities	<u>(2,108,101)</u>	<u>(351,800)</u>	<u>231,718</u>	<u>-</u>	<u>(2,228,183)</u>
CASH FLOW FROM FINANCING ACTIVITIES:					
Receipt of capital grants and contributions	7,550	436,430	-	-	443,980
Receipt of perpetually restricted contributions	1,800	-	-	-	1,800
Changes in lines of credit, net	1,617,000	-	-	-	1,617,000
Issuance of long-term debt	150,000	150,000	150,000	-	450,000
Repayment of long-term debt	(122,904)	-	-	-	(122,904)
Repayment of capital lease obligation	(32,198)	-	-	-	(32,198)
Proceeds (issuance) of note receivable (from) to affiliate, net	12,367	(12,367)	-	-	-
Change in other liabilities	22,999	-	-	-	22,999
Net cash flow from financing activities	<u>1,656,614</u>	<u>574,063</u>	<u>150,000</u>	<u>-</u>	<u>2,380,677</u>
CHANGE IN CASH	1,317,763	206,396	174,043	-	1,698,202
CASH - beginning of year	<u>500,459</u>	<u>69,547</u>	<u>91,480</u>	<u>-</u>	<u>661,486</u>
CASH - end of year	<u>\$ 1,818,222</u>	<u>\$ 275,943</u>	<u>\$ 265,523</u>	<u>\$ -</u>	<u>\$ 2,359,688</u>

The accompanying notes are an integral part of these exhibits.

WXXI PUBLIC BROADCASTING COUNCIL AND AFFILIATES

**CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019**

	WXXI Public Broadcasting Council	The Little Theatre Film Society, Inc.	Rochester Area Media Partners, LLC	Eliminations	Total
CASH FLOW FROM OPERATING ACTIVITIES:					
Change in net assets	\$ (474,667)	\$ 14,743	\$ (77,039)	\$ -	\$ (536,963)
Adjustments to reconcile change in net assets to net cash flow from operating activities:					
Capital grants and contributions	(9,224)	(294,711)	-	-	(303,935)
Perpetually restricted contributions	(27,398)	-	-	-	(27,398)
Provision for doubtful accounts	7,074	15,099	-	-	22,173
Depreciation	768,498	104,976	-	-	873,474
Change in value of split-interest agreements, net	25,834	-	-	-	25,834
Gain on investments, net	(119,492)	-	-	-	(119,492)
Loss on interest rate swap contract	92,412	-	-	-	92,412
Changes in:					
Receivables	142,777	274,081	(194,797)	-	222,061
Program rights	(49,057)	-	-	-	(49,057)
Prepaid expenses and other current assets	15,443	9,130	-	-	24,573
Accounts payable and accrued expenses	63,833	(36,320)	153,923	-	181,436
Deferred revenue - other	-	(6,719)	9,393	-	2,674
	<u>436,033</u>	<u>80,279</u>	<u>(108,520)</u>	<u>-</u>	<u>407,792</u>
Net cash flow from operating activities					
CASH FLOW FROM INVESTING ACTIVITIES:					
Purchases of property and equipment	(804,564)	(1,171,853)	-	-	(1,976,417)
Investment in subsidiary	(1,071,319)	1,071,319	-	-	-
Change in investments, net	1,784,874	(1,815)	-	-	1,783,059
Purchase of other investment	(33,333)	-	-	-	(33,333)
	<u>(124,342)</u>	<u>(102,349)</u>	<u>-</u>	<u>-</u>	<u>(226,691)</u>
Net cash flow from investing activities					
CASH FLOW FROM FINANCING ACTIVITIES:					
Receipt of capital grants and contributions	44,800	20,375	-	-	65,175
Receipt of perpetually restricted contributions	27,398	-	-	-	27,398
Changes in lines of credit, net	(14,887)	-	-	-	(14,887)
Issuance of long-term debt	41,609	-	-	-	41,609
Repayment of long-term debt	(123,627)	-	-	-	(123,627)
Repayment of capital lease obligation	(15,566)	-	-	-	(15,566)
Proceeds (issuance) of note receivable (from) to affiliate, net	(188,235)	(11,765)	200,000	-	-
Change in other liabilities	28,201	-	-	-	28,201
	<u>(200,307)</u>	<u>8,610</u>	<u>200,000</u>	<u>-</u>	<u>8,303</u>
Net cash flow from financing activities					
CHANGE IN CASH	111,384	(13,460)	91,480	-	189,404
CASH - beginning of year	<u>389,075</u>	<u>83,007</u>	<u>-</u>	<u>-</u>	<u>472,082</u>
CASH - end of year	<u>\$ 500,459</u>	<u>\$ 69,547</u>	<u>\$ 91,480</u>	<u>\$ -</u>	<u>\$ 661,486</u>

The accompanying notes are an integral part of these exhibits.