

**WXXI PUBLIC BROADCASTING COUNCIL
AND AFFILIATES**

**Consolidated Financial Statements
as of June 30, 2019 and 2018
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

October 1, 2019

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, 2019 and 2018, and the related consolidated statements of activities and changes 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, 2019 and 2018, 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 Principle

As described in Note 2 to the consolidated financial statements, WXXI Public Broadcasting Council and Affiliates implemented Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as of July 1, 2018, 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, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 661,486	\$ 472,082
Receivables -		
Government	48,253	137,171
Current portion of pledges receivable, net of allowance	27,550	86,070
Other, net	1,778,528	1,629,909
Current portion of program rights, net of accumulated amortization	802,780	762,941
Prepaid expenses and other current assets	<u>163,933</u>	<u>188,506</u>
Total current assets	<u>3,482,530</u>	<u>3,276,679</u>
OTHER ASSETS:		
Property and equipment, net	9,795,030	8,518,745
Pledges receivable, net of current portion, discount, and allowance	-	6,655
Program rights, net of current portion and accumulated amortization	263,872	254,654
Beneficial interest in split-interest agreements	34,358	61,135
Interest rate swap contract	-	64,555
Investments	11,987,948	13,651,515
Other investment	<u>331,475</u>	<u>298,142</u>
Total other assets	<u>22,412,683</u>	<u>22,855,401</u>
	<u>\$ 25,895,213</u>	<u>\$ 26,132,080</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Lines of credit	\$ 990,000	\$ 1,004,887
Current portion of long-term debt	139,530	117,795
Current portion of capital lease obligation	32,198	-
Accounts payable and accrued expenses	843,438	662,002
Deferred revenue	29,800	27,126
Current portion of split-interest agreements	<u>11,674</u>	<u>15,355</u>
Total current liabilities	<u>2,046,640</u>	<u>1,827,165</u>
LONG-TERM LIABILITIES:		
Long-term debt, net of current portion	2,819,653	2,923,405
Capital lease obligation, net of current portion	125,577	-
Split-interest agreements, net of current portion	9,070	6,332
Contracts payable	534,799	506,598
Interest rate swap contract	<u>27,857</u>	<u>-</u>
Total long-term liabilities	<u>3,516,956</u>	<u>3,436,335</u>
Total liabilities	<u>5,563,596</u>	<u>5,263,500</u>
NET ASSETS:		
Without donor restrictions	10,335,144	9,050,312
With donor restrictions	<u>9,996,473</u>	<u>11,818,268</u>
Total net assets	<u>20,331,617</u>	<u>20,868,580</u>
	<u>\$ 25,895,213</u>	<u>\$ 26,132,080</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, 2019

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
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>
NON-OPERATING REVENUE (LOSS):			
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 non-operating revenue (loss)	<u>(117,294)</u>	<u>166,889</u>	<u>49,595</u>
CHANGE IN NET ASSETS	1,284,832	(1,821,795)	(536,963)
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 ACTIVITIES AND CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE:			
Contributions	\$ 2,312,228	\$ 1,585,266	\$ 3,897,494
Membership income	4,365,657	-	4,365,657
Corporation for Public Broadcasting grants	1,283,155	232,919	1,516,074
New York State Department of Education grants	1,432,839	6,700	1,439,539
Investment income allocated to operations	574,898	-	574,898
Rental and other income	378,916	-	378,916
Box office sales	608,150	-	608,150
Café and concession sales	438,347	-	438,347
Other grants	244,760	-	244,760
In-kind contributions	54,042	-	54,042
Change in beneficial interest in split-interest agreements	-	12,030	12,030
Auction	7,288	-	7,288
Satisfaction of purpose/time restrictions	2,896,349	(2,896,349)	-
Total revenue	<u>14,596,629</u>	<u>(1,059,434)</u>	<u>13,537,195</u>
EXPENSES:			
Program services -			
Programming and production	7,839,192	-	7,839,192
Broadcasting	2,076,065	-	2,076,065
Program information	528,013	-	528,013
Total program services	<u>10,443,270</u>	<u>-</u>	<u>10,443,270</u>
Supporting services -			
Management and general	2,127,240	-	2,127,240
Fundraising and development -			
Membership and other development	1,408,167	-	1,408,167
Underwriting	425,540	-	425,540
Auction	21,140	-	21,140
Total supporting services	<u>3,982,087</u>	<u>-</u>	<u>3,982,087</u>
Total expenses	<u>14,425,357</u>	<u>-</u>	<u>14,425,357</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>171,272</u>	<u>(1,059,434)</u>	<u>(888,162)</u>
NON-OPERATING REVENUE (LOSS):			
Capital grants and contributions	-	421,324	421,324
Investment income, net of amount allocated to operations	624,988	427,212	1,052,200
Accumulated endowment earnings allocated to operations	(289,186)	(285,712)	(574,898)
Gain on interest rate swap contract	78,475	-	78,475
Total non-operating revenue (loss)	<u>414,277</u>	<u>562,824</u>	<u>977,101</u>
CHANGE IN NET ASSETS	585,549	(496,610)	88,939
NET ASSETS - beginning of year	8,464,763	12,314,878	20,779,641
NET ASSETS - end of year	<u>\$ 9,050,312</u>	<u>\$ 11,818,268</u>	<u>\$ 20,868,580</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**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total</u>
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
Professional services, excluding in-kind contributions	254,808	114,607	12,730	382,145
Memberships	181,378	62,199	12,000	255,577
Cost of goods sold	218,083	-	-	218,083
Rental and maintenance of equipment	197,748	8,404	410	206,562
Interest	-	192,174	-	192,174
Premiums	24,663	82	162,432	187,177
Direct mail	-	-	186,894	186,894
Travel	107,932	31,214	17,964	157,110
Printing and publications	118,304	10,519	16,205	145,028
Bank charges	19,506	28,067	85,062	132,635
Program production	100,927	-	47	100,974
Advertising	50,840	39,906	5,110	95,856
Postage	16,684	4,187	63,038	83,909
Interconnections	76,508	6,473	-	82,981
Telephone	46,313	7,433	9,200	62,946
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 STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2018

	Program <u>Services</u>	Management <u>and General</u>	Fundraising and <u>Development</u>	<u>Total</u>
Personnel costs -				
Salaries and wages	\$ 3,762,685	\$ 1,148,572	\$ 883,272	\$ 5,794,529
Payroll taxes and employee benefits	<u>1,035,502</u>	<u>305,906</u>	<u>257,446</u>	<u>1,598,854</u>
Total personnel costs	4,798,187	1,454,478	1,140,718	7,393,383
Program acquisition	1,612,861	-	-	1,612,861
Contract services	997,186	231,996	85,437	1,314,619
Depreciation	952,720	68,607	36,227	1,057,554
Occupancy	518,038	-	-	518,038
Professional services, excluding in-kind contributions	4,235	56,409	6,400	67,044
Memberships	187,891	17,296	12,279	217,466
Cost of goods sold	152,529	-	-	152,529
Rental and maintenance of equipment	145,219	34,880	3,500	183,599
Interest	-	134,009	-	134,009
Premiums	(9,542)	-	202,475	192,933
Direct mail	-	-	139,406	139,406
Travel	23,515	9,063	13,507	46,085
Printing and publications	101,209	18,368	18,759	138,336
Bank charges	20,369	29,892	82,431	132,692
Program production	373,450	6,829	-	380,279
Advertising	37,954	-	1,583	39,537
Postage	22,792	3,747	57,184	83,723
Interconnections	73,516	3,840	-	77,356
Telephone	59,162	11,642	2,167	72,971
Office supplies	29,940	4,850	5,733	40,523
Shipping	4,367	105	699	5,171
Stationwide training	375	9,791	552	10,718
Film and production	235,391	24	63	235,478
Other	<u>101,906</u>	<u>31,414</u>	<u>45,727</u>	<u>179,047</u>
	<u>\$ 10,443,270</u>	<u>\$ 2,127,240</u>	<u>\$ 1,854,847</u>	<u>\$ 14,425,357</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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (536,963)	\$ 88,939
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Capital grants and contributions	(303,935)	(421,324)
Perpetually restricted contributions	(27,398)	(660,145)
Provision for doubtful accounts	22,173	16,272
Change in pledge discount	-	(8,298)
Depreciation	873,474	1,057,554
Change in split-interest agreements, net	25,834	(23,229)
Gain on investments, net	(119,492)	(724,092)
Gain (loss) on interest rate swap contract	92,412	(78,475)
Changes in:		
Receivables	222,061	190,271
Program rights	(49,057)	39,947
Prepaid expenses and other current assets	24,573	(11,035)
Accounts payable and accrued expenses	181,436	(49,356)
Deferred revenue	2,674	(226,832)
Net cash flow from operating activities	<u>407,792</u>	<u>(809,803)</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(1,976,417)	(2,633,034)
Change in investments, net	1,783,059	(581,603)
Purchase of other investment	(33,333)	(33,334)
Net cash flow from investing activities	<u>(226,691)</u>	<u>(3,247,971)</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Change in lines of credit, net	(14,887)	1,004,887
Issuance of long-term debt	41,609	-
Repayment of long-term debt	(123,627)	(122,121)
Repayment of capital lease obligation	(15,566)	-
Change in contracts payable	28,201	46,689
Receipt of capital grants and contributions	65,175	1,549,131
Receipt of perpetually restricted contributions	27,398	660,145
Net cash flow from financing activities	<u>8,303</u>	<u>3,138,731</u>
CHANGE IN CASH	189,404	(919,043)
CASH - beginning of year	<u>472,082</u>	<u>1,391,125</u>
CASH - end of year	<u>\$ 661,486</u>	<u>\$ 472,082</u>

The accompanying notes are an integral part of these statements.

WXXI PUBLIC BROADCASTING COUNCIL AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2019 AND 2018

1. THE ORGANIZATION

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

- 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 outreach initiatives, and local educational productions. Professional development offerings include training workshops for educators, caregivers, and parents offered by WXXI educational staff. Professional development and technical assistance to adult literacy programs is provided by the ACCES/Finger Lakes Regional Adult Education Network.

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: *Dialogue in Metal*, *Restoring a Masterpiece: The Renovation of the Eastman Theatre* and *Wendell Castle: A Portrait*.

1. THE ORGANIZATION (Continued)

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. It also is part of Great Lakes Today, a new Regional Journalism Collaborative, designed to increase coverage of the iconic Great Lakes and the people who live in the region.

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*.

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, hosting a video player at WXXI.org where users can watch WXXI-produced and PBS-presented programs, 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.

- WXXI and The Little's affiliation 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.

1. THE ORGANIZATION (Continued)

- 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 newspaper which has been published since 1972 and is available throughout the city free of charge, from its founders. 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 include the accounts of WXXI, The Little, and RAMP. All significant intercompany balances and transactions have been eliminated.

Basis of Accounting

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

Change in Accounting Principle

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, with the purpose of improving financial reporting by not-for-profit entities.

ASU 2016-14 includes many changes affecting the presentation and accounting in the Organization's financial statements, including:

- Reducing the number of classes of net assets from three to two, including net assets without donor restrictions and net assets with donor restrictions;
- Requiring the presentation of expenses in both natural and functional classifications, as well as the allocation method of these expenses;
- Eliminating the requirement to disclose the components of investment return, as well as reporting investment return net of external and direct internal investment expenses;
- Requiring qualitative and quantitative disclosure regarding an entity's liquidity and availability of resources, and
- Accounting for underwater endowment funds.

ASU 2016-14 is effective for the Organization's fiscal year ended June 30, 2019 and was applied retrospectively with the exception of the disclosures regarding liquidity and availability of resources, which are presented for the current year only. The effects of this ASU have been included in these consolidated financial statements. There is no effect on total net assets or the change in net assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Reporting

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

- **Net Assets Without Donor Restrictions**

Net assets that are not subject to donor-imposed stipulations utilized 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 \$3,769,668 and \$5,625,608 at June 30, 2019 and 2018, respectively.

- **Net Assets With Donor Restrictions**

Net assets that 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 consolidated 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledges Receivable

The Organization records pledges receivable and contribution revenue in the year the pledge is received. Pledges are recorded at their estimated net present value, based on anticipated future cash flow, and discounted using U.S. Treasury rates to reflect the time value of money. The discount rates ranged from 0.88% through 1.01% at June 30, 2019. The difference between the total pledges outstanding and their net present value is recorded as a reduction of pledges receivable and will be recognized as contribution revenue over the term of the pledge.

At June 30, 2019 the Organization had not recorded a discount on pledges receivable as the calculated discount was immaterial to the Organization's financial statements. Pledges receivable are written off when they are determined to be uncollectible. The allowance for uncollectible pledges was \$4,875 at June 30, 2018. There was no allowance for uncollectible pledges at June 30, 2019.

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, 2019 and 2018, 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 consolidated 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments (Continued)

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.

Contracts Payable

Contracts payable represents contracts entered into for program acquisitions.

Advertising

Advertising costs are expensed as incurred and totaled approximately \$96,000 and \$40,000 for the years ended June 30, 2019 and 2018, 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 consolidated financial statements as they do not meet the criteria for recognition under generally accepted accounting principles.

Expense Allocations

The consolidated 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. These expenses include salaries and wages, payroll taxes and employee benefits, depreciation, and occupancy. Salaries and wage 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the 2018 statements to conform to the current year presentation.

3. ROCHESTER AREA MEDIA PARTNERS, LLC

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 June 30, 2019, \$200,000 was outstanding under the terms of these notes payable. These amounts have been eliminated in the consolidating balance sheet.

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 accompanying consolidated statement of activities and change in net assets for the year ended June 30, 2019.

4. LIQUIDITY

At June 30, 2019, the Organization had financial assets available to meet cash needs for general expenditures during the year ending June 30, 2020, as follows:

Financial assets at June 30, 2019:	
Cash	\$ 661,486
Receivables	1,854,331
Investments	<u>11,987,948</u>
	14,503,765
Plus: Anticipated endowment draw for the year ending June 30, 2020	572,000
Less: Financial assets unavailable for general expenditures within one year, due to:	
Board designated funds	(3,769,668)
Donor restricted funds	<u>(9,996,473)</u>
	<u>\$ 1,309,624</u>

4. LIQUIDITY (Continued)

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 liquidate 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>2019</u>	<u>2018</u>
Net assets with donor restrictions that can be satisfied by action of the Organization or the passage of time:		
Comprehensive campaign	\$ 461,599	\$ 461,599
Productions and special projects	1,030,735	3,064,634
Unappropriated endowment earnings	2,155,074	1,990,099
Split-interest agreements, net of obligations	73,922	30,943
Capital expenditures	<u>211,937</u>	<u>235,185</u>
	3,933,267	5,782,460
Net assets to be maintained in perpetuity:		
Endowment	<u>6,063,206</u>	<u>6,035,808</u>
	<u>\$ 9,996,473</u>	<u>\$ 11,818,268</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>2019</u>	<u>2018</u>
Comprehensive campaign	\$ -	\$ 2,195,420
Productions and special projects	2,067,830	367,963
Appropriated endowment earnings	293,930	285,712
Capital expenditures	<u>23,248</u>	<u>332,966</u>
	<u>\$ 2,385,008</u>	<u>\$ 3,182,061</u>

6. RECEIVABLES

Government Receivables

Government receivables consisted of amounts due from New York State and were \$48,253 and \$137,171 at June 30, 2019 and 2018, respectively.

Other Receivables

Other receivables consisted of the following at June 30:

	<u>2019</u>	<u>2018</u>
Trade and billed underwriting, net of allowance for doubtful accounts of \$16,417 in 2019 and \$10,257 in 2018	\$ 1,056,130	\$ 915,433
Membership pledges	514,258	516,411
Unbilled underwriting commitments	116,423	128,888
Barter-trade balance, net of allowance for doubtful accounts of \$5,756 in 2019 and \$6,015 in 2018	<u>91,717</u>	<u>69,177</u>
	<u>\$ 1,778,528</u>	<u>\$ 1,629,909</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. Financial contributions are frequently evidenced by pledges received from responding viewers and listeners.

Contributions and collected pledges are reported as membership pledges without donor restrictions based on the nature of the campaign and solicitation. The Organization did not recognize any provision for doubtful accounts related to trade receivables during the years ended June 30, 2019 and 2018.

7. PROGRAM RIGHTS

Program rights consisted of the following at June 30:

	<u>2019</u>	<u>2018</u>
Acquisition costs	\$ 2,699,293	\$ 2,670,402
Current year amortization	<u>(1,632,641)</u>	<u>(1,652,807)</u>
Total program rights	1,066,652	1,017,595
Less: Current portion	<u>(802,780)</u>	<u>(762,941)</u>
Long-term portion of program rights	<u>\$ 263,872</u>	<u>\$ 254,654</u>

8. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2019</u>	<u>2018</u>
Land and land improvements	\$ 1,180,067	\$ 1,180,067
Buildings	16,556,420	15,548,194
Transmitter, antennae, and tower	4,414,954	3,837,279
Satellite interconnection system	400,039	400,039
Studio and technical equipment	10,140,716	10,164,576
Furniture and fixtures	858,344	847,869
Computer and related equipment	1,035,228	745,497
Other equipment	560,441	629,804
Construction-in-progress	<u>482,822</u>	<u>769,941</u>
	35,629,031	34,123,266
Less: Accumulated depreciation	<u>(25,834,001)</u>	<u>(25,604,521)</u>
	<u>\$ 9,795,030</u>	<u>\$ 8,518,745</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 \$6,191 at June 30, 2019.

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>2019</u>	<u>2018</u>
Cash equivalents	\$ 68,642	\$ 102,612
Equity mutual funds	8,322,891	9,414,677
Fixed income mutual funds	3,352,721	3,846,292
Real estate funds	<u>243,694</u>	<u>287,934</u>
	<u>\$ 11,987,948</u>	<u>\$ 13,651,515</u>

Fair value of the Organization's equity mutual funds, fixed income mutual funds, government agency mutual funds, and real estate investment trust are determined based on quoted market prices. There have been no changes to valuation techniques during the years ended June 30, 2019 and 2018.

10. INVESTMENT IN SUBSIDIARY

During the year ended June 30, 2019, the Organization's Board of Directors reclassified amounts provided by WXXI to The Little through June 30, 2018 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 \$405,522 at June 30, 2018.

During the year ended June 30, 2019, WXXI invested an additional \$1,071,319 in The Little. At June 30, 2019 and 2018, WXXI's investment in The Little was \$1,476,841 and \$405,522, respectively. These amounts have been eliminated in the accompanying consolidating statements of financial position.

11. OTHER INVESTMENT

During the year ended June 30, 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, 2019 and 2018, the Organization's investment in the LLC was \$331,475 and \$298,142, 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 also 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 consolidated statements of financial position.

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

	<u>2019</u>	<u>2018</u>
Without donor restrictions (board designated)	\$ 3,769,668	\$ 5,625,608
With donor restrictions	<u>8,218,280</u>	<u>8,025,907</u>
	<u>\$ 11,987,948</u>	<u>\$ 13,651,515</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, 2019 and 2018.

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, 2019 and 2018:

	(Board Designated) Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Balance - July 1, 2017	\$ 5,114,445	\$ 7,231,375	\$ 12,345,820
Net investment gain	664,570	-	664,570
Unappropriated earnings on endowment	-	420,099	420,099
Contributions	135,779	660,145	795,924
Appropriation of assets for expenditure	<u>(289,186)</u>	<u>(285,712)</u>	<u>(574,898)</u>
Balance - June 30, 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	<u>\$ 3,769,668</u>	<u>\$ 8,218,280</u>	<u>\$ 11,987,948</u>

13. SPLIT-INTEREST AGREEMENTS

Composition

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

	<u>2019</u>	<u>2018</u>
Cash equivalents	\$ 3,427	\$ 5,342
Equity mutual funds	17,158	30,952
Fixed income mutual funds	<u>13,773</u>	<u>24,841</u>
	<u>\$ 34,358</u>	<u>\$ 61,135</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 \$20,744 and \$21,687 at June 30, 2019 and 2018, 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, 2019 and 2018, 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% (4.05% at June 30, 2019) and are secured by WXXI's equipment, fixtures, inventories, and receivables. There was \$990,000 and \$1,004,887 outstanding on this line of credit at June 30, 2019 and 2018, 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% (7.25% at June 30, 2019). There were no amounts outstanding under the terms of this arrangement at June 30, 2019 and 2018.

Long-Term Debt

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

	<u>2019</u>	<u>2018</u>
Mortgage payable to a bank in monthly installments of principal ranging from \$7,260 to \$10,096, plus interest, through April 2023, when a balloon payment equal to the principal amount outstanding is due. This mortgage bears interest at the 30-day LIBOR plus 1.65% (4.05% at June 30, 2019) and is collateralized by property located at 280 State Street, Rochester, New York.	\$ 2,916,959	\$ 3,021,924
Notes payable to banks in aggregate monthly installments of \$817 through March 2024. These notes are collateralized by the related vehicles.	<u>42,224</u>	<u>19,276</u>
	2,959,183	3,041,200
Less: Current portion	<u>(139,530)</u>	<u>(117,795)</u>
	<u>\$ 2,819,653</u>	<u>\$ 2,923,405</u>

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

2020	\$ 139,530
2021	118,058
2022	121,845
2023	2,576,236
2024	<u>3,514</u>
	<u>\$ 2,959,183</u>

14. FINANCING ARRANGEMENTS (Continued)

Capital Lease Obligation

WXXI has entered into 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:

2020	\$ 38,625
2021	38,625
2022	38,625
2023	41,844
2024	<u>16,905</u>
	174,624
Less: Amount representing interest	<u>(16,849)</u>
Present value of future minimum lease payments	157,775
Less: Current portion	<u>(32,198)</u>
	<u>\$ 125,577</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 \$2,083,542 and \$2,158,517 at June 30, 2019 and 2018, 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, 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 interest rate swap agreement is measured at fair value on a recurring basis utilizing the following input levels at June 30, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Interest rate swap	\$ <u> </u> -	\$ <u>64,555</u>	\$ <u> </u> -	\$ <u>64,555</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>
2019	Interest rate swap contract	Long-term liabilities	\$ <u>(27,857)</u>
2018	Interest rate swap contract	Other assets	\$ <u>64,555</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 Gain (Loss) Recognized (Effective Portion)</u>	<u>Amount of Gain (Loss) Recognized (Effective Portion)</u>
2019	Loss on interest rate swap contract	Non-operating revenue (loss)	\$ <u>(92,412)</u>
2018	Gain on interest rate swap contract	Non-operating revenue (loss)	\$ <u>78,475</u>

Interest

Interest expense and interest paid under the terms of all of the Organization's financing arrangements was \$192,174 and \$134,009 during the years ended June 30, 2019 and 2018, 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, 2019 and 2018.

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 \$386,000 and \$368,000 for the years ended June 30, 2019 and 2018, 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 \$534,799 and \$506,598 at June 30, 2019 and 2018, respectively, in connection with these plans, which is included in contracts payable in the accompanying consolidated statements of financial position. The amounts accrued through June 30, 2019 are funded with TIAA/CREF. These funds are included in long-term investments in the accompanying consolidated 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:

2020	\$	89,379
2021		67,680
2022		2,680
2023		2,787
2024		<u>2,899</u>
	\$	<u>165,425</u>

Rent expense under the terms of these lease arrangements was approximately \$139,000 and \$108,000 for the years ended June 30, 2019 and 2018, respectively.

17. SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 1, 2019, which is the date the consolidated financial statements were available to be issued.

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 -					
Government	48,253	-	-	-	48,253
Current portion of pledges receivable, net of allowance	7,550	20,000	-	-	27,550
Other, 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	137,002	26,931	-	-	163,933
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	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	-	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
Long-term capital lease, 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
Contracts payable, net of current portion	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 FINANCIAL POSITION****JUNE 30, 2018**

	WXXI Public Broadcasting Council	The Little Theatre Film Society, Inc.	Eliminations	Total
ASSETS				
CURRENT ASSETS:				
Cash	\$ 389,075	\$ 83,007	\$ -	\$ 472,082
Receivables -				
Government	137,171	-	-	137,171
Current portion of pledges receivable, net of allowance	45,695	40,375	-	86,070
Other, net	1,537,017	92,892	-	1,629,909
Current portion of note receivable from affiliate	11,765	-	(11,765)	-
Current portion of program rights, net of accumulated amortization	762,941	-	-	762,941
Prepaid expenses and other current assets	<u>152,445</u>	<u>36,061</u>	<u>-</u>	<u>188,506</u>
Total current assets	<u>3,036,109</u>	<u>252,335</u>	<u>(11,765)</u>	<u>3,276,679</u>
OTHER ASSETS:				
Property and equipment, net	6,857,052	1,661,693	-	8,518,745
Pledges receivable, net of current portion, discount, and allowance	6,655	-	-	6,655
Note receivable from affiliate, net of current portion	507,282	-	(507,282)	-
Program rights, net of current portion and accumulated amortization	254,654	-	-	254,654
Beneficial interest in split-interest agreements	61,135	-	-	61,135
Interest rate swap contract	64,555	-	-	64,555
Investments	13,519,377	132,138	-	13,651,515
Investment in subsidiary	405,522	-	(405,522)	-
Other investment	<u>298,142</u>	<u>-</u>	<u>-</u>	<u>298,142</u>
Total other assets	<u>21,974,374</u>	<u>1,793,831</u>	<u>(912,804)</u>	<u>22,855,401</u>
	<u>\$ 25,010,483</u>	<u>\$ 2,046,166</u>	<u>\$ (924,569)</u>	<u>\$ 26,132,080</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Lines of credit	\$ 1,004,887	\$ -	\$ -	\$ 1,004,887
Current portion of long-term debt	117,795	-	-	117,795
Accounts payable and accrued expenses	556,724	105,278	-	662,002
Current portion of note payable to affiliate	-	11,765	(11,765)	-
Deferred revenue	-	27,126	-	27,126
Current portion of split-interest agreements	<u>15,355</u>	<u>-</u>	<u>-</u>	<u>15,355</u>
Total current liabilities	<u>1,694,761</u>	<u>144,169</u>	<u>(11,765)</u>	<u>1,827,165</u>
LONG-TERM LIABILITIES:				
Long-term debt, net of current portion	2,923,405	-	-	2,923,405
Note payable to affiliate, net of current portion	-	507,282	(507,282)	-
Split-interest agreements, net of current portion	6,332	-	-	6,332
Contracts payable, net of current portion	<u>506,598</u>	<u>-</u>	<u>-</u>	<u>506,598</u>
Total long-term liabilities	<u>3,436,335</u>	<u>507,282</u>	<u>(507,282)</u>	<u>3,436,335</u>
Total liabilities	<u>5,131,096</u>	<u>651,451</u>	<u>(519,047)</u>	<u>5,263,500</u>
NET ASSETS:				
Without donor restrictions	8,286,643	1,169,191	(405,522)	9,050,312
With donor restrictions	<u>11,592,744</u>	<u>225,524</u>	<u>-</u>	<u>11,818,268</u>
Total net assets	<u>19,879,387</u>	<u>1,394,715</u>	<u>(405,522)</u>	<u>20,868,580</u>
	<u>\$ 25,010,483</u>	<u>\$ 2,046,166</u>	<u>\$ (924,569)</u>	<u>\$ 26,132,080</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
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)
NON-OPERATING REVENUE (LOSS):						
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 non-operating revenue (loss)	(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>
<u>1,612,934</u>	<u>-</u>	<u>1,612,934</u>	<u>290,197</u>	<u>-</u>	<u>290,197</u>	<u>(33,845)</u>	<u>14,816,900</u>
<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>
<u>\$ 14,159</u>	<u>\$ 584</u>	<u>\$ 14,743</u>	<u>\$ (77,039)</u>	<u>\$ -</u>	<u>\$ (77,039)</u>	<u>\$ -</u>	<u>\$ (536,963)</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, 2018

	WXXI Public Broadcasting Council - TV			WXXI Publi
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions
OPERATING REVENUE:				
Contributions	\$ 840,200	\$ 1,155,202	\$ 1,995,402	\$ 1,356,148
Membership income	1,416,352	-	1,416,352	2,600,254
Corporation for Public Broadcasting grants	1,020,215	60,880	1,081,095	262,940
New York State Department of Education grants	1,310,497	-	1,310,497	122,342
Investment income allocated to operations	574,004	-	574,004	-
Rental and other income	344,951	-	344,951	20,079
Box office sales	-	-	-	-
Café and concession sales	-	-	-	-
Other grants	232,019	-	232,019	12,741
In-kind contributions	21,617	-	21,617	32,425
Split-interest agreements	-	4,366	4,366	-
Auction	7,288	-	7,288	-
Satisfaction of purpose/time restrictions	916,767	(916,767)	-	1,629,807
Total operating revenue	6,683,910	303,681	6,987,591	6,036,736
OPERATING EXPENSES:				
Program services -				
Programming and production	3,700,067	-	3,700,067	2,588,489
Broadcasting	1,477,882	-	1,477,882	598,183
Program information	329,846	-	329,846	198,167
Total program services	5,507,795	-	5,507,795	3,384,839
Supporting services -				
Management and general	1,519,258	-	1,519,258	500,039
Fundraising and development -				
Membership and other development	448,820	-	448,820	787,785
Auction	7,670	-	7,670	13,470
Underwriting	148,153	-	148,153	277,387
Total supporting services	2,123,901	-	2,123,901	1,578,681
Total operating expenses	7,631,696	-	7,631,696	4,963,520
CHANGE IN NET ASSETS FROM OPERATIONS	(947,786)	303,681	(644,105)	1,073,216
NON-OPERATING REVENUE (LOSS):				
Capital grants and contributions	-	87,852	87,852	-
Investment income, net of amount allocated to operations	234,475	152,956	387,431	411,557
Accumulated endowment earnings allocated to operations	(288,292)	(285,712)	(574,004)	-
Gain on interest rate swap contract	28,482	-	28,482	49,993
Total non-operating revenue (loss)	(25,335)	(44,904)	(70,239)	461,550
CHANGE IN NET ASSETS	\$ (973,121)	\$ 258,777	\$ (714,344)	\$ 1,534,766

c Broadcasting Council - Radio		The Little Theatre Film Society, Inc.				
With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	Total
\$ 430,064	\$ 1,786,212	\$ 115,880	\$ -	\$ 115,880	\$ -	\$ 3,897,494
-	2,600,254	349,051	-	349,051	-	4,365,657
172,039	434,979	-	-	-	-	1,516,074
-	122,342	-	6,700	6,700	-	1,439,539
-	-	894	-	894	-	574,898
-	20,079	16,686	-	16,686	(2,800)	378,916
-	-	617,692	-	617,692	(9,542)	608,150
-	-	438,347	-	438,347	-	438,347
-	12,741	-	-	-	-	244,760
-	32,425	-	-	-	-	54,042
7,664	7,664	-	-	-	-	12,030
-	-	-	-	-	-	7,288
(1,629,807)	-	349,775	(349,775)	-	-	-
(1,020,040)	5,016,696	1,888,325	(343,075)	1,545,250	(12,342)	13,537,195
-	2,588,489	1,589,145	-	1,589,145	(38,509)	7,839,192
-	598,183	-	-	-	-	2,076,065
-	198,167	-	-	-	-	528,013
-	3,384,839	1,589,145	-	1,589,145	(38,509)	10,443,270
-	500,039	107,943	-	107,943	-	2,127,240
-	787,785	171,562	-	171,562	-	1,408,167
-	13,470	-	-	-	-	21,140
-	277,387	-	-	-	-	425,540
-	1,578,681	279,505	-	279,505	-	3,982,087
-	4,963,520	1,868,650	-	1,868,650	(38,509)	14,425,357
(1,020,040)	53,176	19,675	(343,075)	(323,400)	26,167	(888,162)
506	506	-	332,966	332,966	-	421,324
268,473	680,030	5,123	5,783	10,906	(26,167)	1,052,200
-	-	(894)	-	(894)	-	(574,898)
-	49,993	-	-	-	-	78,475
268,979	730,529	4,229	338,749	342,978	(26,167)	977,101
\$ (751,061)	\$ 783,705	\$ 23,904	\$ (4,326)	\$ 19,578	\$ -	\$ 88,939

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, 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
Professional services, excluding in-kind contributions	193,926	3,184	-	197,110	8,184	-	114,607	122,791	319,901
Memberships	172,726	1,359	6,556	180,641	8,859	2,497	61,505	72,861	253,502
Cost of goods sold	-	-	-	-	-	-	-	-	-
Rental and maintenance of equipment	39,260	120,912	19,269	179,441	80	-	3,244	3,324	182,765
Interest	-	-	-	-	-	-	191,637	191,637	191,637
Premiums	-	-	1,266	1,266	160,293	-	82	160,375	161,641
Direct mail	-	-	-	-	166,828	-	-	166,828	166,828
Travel	96,143	6,651	63	102,857	8,978	6,554	31,214	46,746	149,603
Printing and publications	23,504	3,514	69,640	96,658	12,454	1,417	10,413	24,284	120,942
Bank charges	-	-	-	-	73,256	1,877	26,351	101,484	101,484
Program production	100,927	-	-	100,927	47	-	-	47	100,974
Advertising	22,646	-	9,580	32,226	5,110	-	-	5,110	37,336
Postage	1,665	1	14,044	15,710	55,136	258	3,157	58,551	74,261
Interconnections	13,812	62,432	-	76,244	-	-	3,833	3,833	80,077
Telephone	13,420	12,189	2,223	27,832	8,480	420	7,433	16,333	44,165
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
57,698	-	4,546	62,244	-	-	-	-	-	382,145
737	-	644	1,381	-	694	-	694	-	255,577
218,083	-	-	218,083	-	-	-	-	-	218,083
20,967	-	330	21,297	-	5,160	-	5,160	(2,660)	206,562
25,685	80	-	25,765	-	457	-	457	(25,685)	192,174
28,897	-	2,139	31,036	-	-	-	-	(5,500)	187,177
-	-	20,066	20,066	-	-	-	-	-	186,894
4,841	-	2,432	7,273	234	-	-	234	-	157,110
21,646	106	2,334	24,086	-	-	-	-	-	145,028
19,506	-	9,929	29,435	-	1,716	-	1,716	-	132,635
-	-	-	-	-	-	-	-	-	100,974
17,762	-	-	17,762	852	39,906	-	40,758	-	95,856
674	580	7,644	8,898	300	450	-	750	-	83,909
264	2,640	-	2,904	-	-	-	-	-	82,981
18,481	-	300	18,781	-	-	-	-	-	62,946
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 FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018**

WXXI Public Broadcasting Council

	Program Services			Total Program Services	Supporting Service Fundraising and Development		
	Programming and Production	Broadcasting	Program Information		Membership and Other Development	Auction and Station Events	Underwriting
Personnel costs -							
Salaries and wages	\$ 2,512,311	\$ 512,658	\$ 246,059	\$ 3,271,028	\$ 489,256	\$ 2,136	\$ 297,253
Payroll taxes and employee benefits	<u>654,410</u>	<u>182,356</u>	<u>80,780</u>	<u>917,546</u>	<u>153,647</u>	<u>687</u>	<u>89,996</u>
Total personnel costs	3,166,721	695,014	326,839	4,188,574	642,903	2,823	387,249
Program acquisition	1,612,861	-	-	1,612,861	-	-	-
Contract services	582,499	316,565	27,926	926,990	66,932	1,358	16,327
Depreciation	240,163	529,626	14,820	784,609	13,125	13,783	9,319
Occupancy	25,047	371,448	-	396,495	-	-	-
Professional services, excluding in-kind contributions	-	4,235	-	4,235	6,400	-	-
Memberships	172,039	1,659	1,794	175,492	8,884	-	3,031
Cost of goods sold	-	-	-	-	-	-	-
Rental and maintenance of equipment	9,761	71,289	21,777	102,827	3,500	-	-
Interest	-	-	-	-	-	-	-
Premiums	-	-	-	-	163,051	2,677	690
Direct mail	-	-	-	-	139,406	-	-
Travel	18,234	3,148	-	21,382	8,366	-	3,788
Printing and publications	15,479	2,452	62,302	80,233	12,446	-	1,571
Bank charges	133	-	-	133	72,276	-	-
Program production	311,082	-	10	311,092	-	-	-
Advertising	17,244	-	10,393	27,637	1,138	445	-
Postage	1,700	25	14,074	15,799	48,846	2	144
Interconnections	16,851	56,665	-	73,516	-	-	-
Telephone	19,983	22,354	1,611	43,948	1,447	-	420
Office supplies	24,423	87	4,018	28,528	4,173	13	1,414
Shipping	2,877	1,490	-	4,367	699	-	-
Stationwide training	-	-	375	375	135	-	417
Film and production	282	8	2	292	63	-	-
Other	<u>51,177</u>	<u>-</u>	<u>42,072</u>	<u>93,249</u>	<u>42,815</u>	<u>39</u>	<u>1,170</u>
	<u>\$ 6,288,556</u>	<u>\$ 2,076,065</u>	<u>\$ 528,013</u>	<u>\$ 8,892,634</u>	<u>\$ 1,236,605</u>	<u>\$ 21,140</u>	<u>\$ 425,540</u>

The Little Theatre Film Society, Inc.

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Management and General	Total Supporting Services	Total	Program Services	Management and General	Fundraising and Development	Total	Eliminations	Total
\$ 1,089,921	\$ 1,878,566	\$ 5,149,594	\$ 491,657	\$ 58,651	\$ 94,627	\$ 644,935	\$ -	\$ 5,794,529
<u>303,418</u>	<u>547,748</u>	<u>1,465,294</u>	<u>117,956</u>	<u>2,488</u>	<u>13,116</u>	<u>133,560</u>	<u>-</u>	<u>1,598,854</u>
1,393,339	2,426,314	6,614,888	609,613	61,139	107,743	778,495	-	7,393,383
-	-	1,612,861	-	-	-	-	-	1,612,861
203,798	288,415	1,215,405	70,196	28,198	820	99,214	-	1,314,619
68,607	104,834	889,443	168,111	-	-	168,111	-	1,057,554
-	-	396,495	121,543	-	-	121,543	-	518,038
56,409	62,809	67,044	-	-	-	-	-	67,044
17,296	29,211	204,703	12,399	-	364	12,763	-	217,466
-	-	-	152,529	-	-	152,529	-	152,529
34,880	38,380	141,207	45,192	-	-	45,192	(2,800)	183,599
134,009	134,009	134,009	26,167	-	-	26,167	(26,167)	134,009
-	166,418	166,418	-	-	36,057	36,057	(9,542)	192,933
-	139,406	139,406	-	-	-	-	-	139,406
7,952	20,106	41,488	2,133	1,111	1,353	4,597	-	46,085
11,957	25,974	106,207	20,976	6,411	4,742	32,129	-	138,336
28,257	100,533	100,666	20,236	1,635	10,155	32,026	-	132,692
6,829	6,829	317,921	62,358	-	-	62,358	-	380,279
-	1,583	29,220	10,317	-	-	10,317	-	39,537
3,205	52,197	67,996	6,993	542	8,192	15,727	-	83,723
3,840	3,840	77,356	-	-	-	-	-	77,356
8,054	9,921	53,869	15,214	3,588	300	19,102	-	72,971
-	5,600	34,128	1,412	4,850	133	6,395	-	40,523
105	804	5,171	-	-	-	-	-	5,171
9,791	10,343	10,718	-	-	-	-	-	10,718
24	87	379	235,099	-	-	235,099	-	235,478
<u>30,945</u>	<u>74,969</u>	<u>168,218</u>	<u>8,657</u>	<u>469</u>	<u>1,703</u>	<u>10,829</u>	<u>-</u>	<u>179,047</u>
\$ 2,019,297	\$ 3,702,582	\$ 12,595,216	\$ 1,589,145	\$ 107,943	\$ 171,562	\$ 1,868,650	\$ (38,509)	\$ 14,425,357

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	-	(6,719)	9,393	-	2,674
Net cash flow from operating activities	<u>436,033</u>	<u>80,279</u>	<u>(108,520)</u>	<u>-</u>	<u>407,792</u>
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)
Net cash flow from investing activities	<u>(124,342)</u>	<u>(102,349)</u>	<u>-</u>	<u>-</u>	<u>(226,691)</u>
CASH FLOW FROM FINANCING ACTIVITIES:					
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 contracts payable	28,201	-	-	-	28,201
Receipt of capital grants and contributions	44,800	20,375	-	-	65,175
Receipt of perpetually restricted contributions	27,398	-	-	-	27,398
Net cash flow from financing activities	<u>(200,307)</u>	<u>8,610</u>	<u>200,000</u>	<u>-</u>	<u>8,303</u>
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.

WXXI PUBLIC BROADCASTING COUNCIL AND AFFILIATES

**CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018**

	WXXI Public Broadcasting Council	The Little Theatre Film Society, Inc.	Eliminations	Total
CASH FLOW FROM OPERATING ACTIVITIES:				
Change in net assets	\$ 69,361	\$ 19,578	\$ -	\$ 88,939
Adjustments to reconcile change in net assets to net cash flow from operating activities:				
Capital grants and contributions	(88,358)	(332,966)	-	(421,324)
Perpetually restricted contributions	(660,145)	-	-	(660,145)
Provision for doubtful accounts	16,272	-	-	16,272
Change in pledge discount	(8,298)	-	-	(8,298)
Depreciation	889,443	168,111	-	1,057,554
Change in value of split-interest agreements, net	(23,229)	-	-	(23,229)
Gain on investments, net	(724,092)	-	-	(724,092)
Gain on interest rate swap contract	(78,475)	-	-	(78,475)
Changes in:				
Receivables	218,817	(28,546)	-	190,271
Program rights	39,947	-	-	39,947
Prepaid expenses and other current assets	(14,801)	3,766	-	(11,035)
Accounts payable and accrued expenses	(83,978)	34,622	-	(49,356)
Deferred revenue	(243,974)	17,142	-	(226,832)
Net cash flow from operating activities	<u>(691,510)</u>	<u>(118,293)</u>	<u>-</u>	<u>(809,803)</u>
CASH FLOW FROM INVESTING ACTIVITIES:				
Purchases of property and equipment	(2,330,635)	(302,399)	-	(2,633,034)
Investment in subsidiary	(41,644)	41,644	-	-
Purchases of investments, net	(575,058)	(6,545)	-	(581,603)
Purchase of other investment	(33,334)	-	-	(33,334)
Net cash flow from investing activities	<u>(2,980,671)</u>	<u>(267,300)</u>	<u>-</u>	<u>(3,247,971)</u>
CASH FLOW FROM FINANCING ACTIVITIES:				
Borrowings on lines of credit, net	1,004,887	-	-	1,004,887
Repayment of long-term debt	(122,121)	-	-	(122,121)
Proceeds (issuance) of note receivable (from) to affiliate, net	11,192	(11,192)	-	-
Change in contracts payable	46,689	-	-	46,689
Receipt of capital grants and contributions	1,199,355	349,776	-	1,549,131
Receipt of perpetually restricted contributions	660,145	-	-	660,145
Net cash flow from financing activities	<u>2,800,147</u>	<u>338,584</u>	<u>-</u>	<u>3,138,731</u>
CHANGE IN CASH	(872,034)	(47,009)	-	(919,043)
CASH - beginning of year	<u>1,261,109</u>	<u>130,016</u>	<u>-</u>	<u>1,391,125</u>
CASH - end of year	<u>\$ 389,075</u>	<u>\$ 83,007</u>	<u>\$ -</u>	<u>\$ 472,082</u>

The accompanying notes are an integral part of these exhibits.