

**THE PUBLIC BROADCASTING COUNCIL  
OF CENTRAL NEW YORK, INC.  
(A Non-Profit New York Corporation)  
AND AFFILIATE**

Consolidated Financial Statements and  
Other Financial Information

June 30, 2018 and 2017

**THE PUBLIC BROADCASTING COUNCIL  
OF CENTRAL NEW YORK, INC.  
(A Non-Profit New York Corporation)  
AND AFFILIATE**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
The Public Broadcasting Council of  
Central New York, Inc. and Affiliate:

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of The Public Broadcasting Council of Central New York, Inc. and Affiliate, which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities and changes in net assets 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)

The Board of Directors  
Page 2 of 2

## **Report on the Financial Statements, Continued**

### ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Public Broadcasting Council of Central New York, Inc. and Affiliate as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **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 Schedules 1 through 6 and the statement of activities and changes in net assets by broadcast entity (WCNY) in Schedule 7 are presented for purposes of additional analysis of the consolidated financial statements and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Fust Charles Chambers LLP*

November 30, 2018

**THE PUBLIC BROADCASTING COUNCIL  
OF CENTRAL NEW YORK, INC.  
(A Non-Profit New York Corporation)  
AND AFFILIATE**

Consolidated Statements of Financial Position

June 30, 2018 and 2017

<u>Assets</u>	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 19,334	8,595
Accounts receivable - underwriting, net of allowance of approximately \$36,000 in 2018 and \$34,000 in 2017	239,503	176,408
Pledges receivable, net - membership	19,869	23,169
Pledges receivable, net - capital campaign	17,126	41,477
Grants and other receivables	141,356	93,552
Prepaid broadcasting rights	49,529	23,982
Assets limited as to use:		
New Market Tax Credit reserve fund (note 1(f))	228,557	295,158
Capital campaign funds	2,760	24,869
Board-designated funds	54	51,429
Other assets	137,010	100,954
Investment in Centralcast, LLC	703,981	692,847
Broadcast facilities and equipment, net	15,645,986	16,695,041
Leveraged loan receivable (note 3)	14,696,861	14,696,861
Prepaid tower lease	285,000	345,000
Cash surrender value of insurance policy	741,153	728,613
	<u>\$ 32,928,079</u>	<u>33,997,955</u>
<u>Liabilities and Net Assets</u>		
Long-term debt obligations	21,889,090	21,763,247
Line of credit	335,000	550,000
Accounts payable	445,935	646,841
Accrued and other expenses	375,074	356,214
Due to affiliate	-	12,305
Deferred revenue	325,353	486,055
Deferred compensation obligation	251,818	290,134
Total liabilities	<u>23,622,270</u>	<u>24,104,796</u>
Net assets:		
Unrestricted	9,203,525	9,783,085
Temporarily restricted	102,284	110,074
Total net assets	<u>9,305,809</u>	<u>9,893,159</u>
Commitments and contingencies (notes 9 and 11)		
	<u>\$ 32,928,079</u>	<u>33,997,955</u>

See accompanying notes to the consolidated financial statements.

**THE PUBLIC BROADCASTING COUNCIL  
OF CENTRAL NEW YORK, INC.  
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Consolidated Statements of Activities and Changes in Net Assets  
Years ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Unrestricted revenues:		
Contributions:		
Membership	\$ 1,916,556	1,720,201
Donations, grants, events and sales	327,145	374,418
Net assets released from restrictions - membership/education	54,070	74,582
	2,297,771	2,169,201
Other support and revenue:		
Auctions	434,049	467,528
NYS education department grants	1,057,713	1,095,483
Public Broadcasting funding	1,078,095	1,088,562
Underwriting	1,142,192	898,678
Other production revenue	126,684	88,838
Rent and facilities	226,093	201,664
Investment income	86,154	87,414
In-kind, trade and miscellaneous	705,892	570,430
	4,856,872	4,498,597
Total contributions, other support and revenue	7,154,643	6,667,798
Expenses:		
Salaries, wages and commissions	2,831,620	2,944,759
Payroll taxes and employee benefits	589,770	644,039
Contracted services, freelance and fees	361,409	286,214
Production costs	44,576	41,933
Program acquisition costs	82,485	89,537
Public Broadcasting dues and fees	985,094	994,925
Printing	144,735	154,509
Advertising and promotion	140,372	181,867
Direct mail, postage and shipping	208,467	242,227
Staff and volunteer expenses	97,368	127,290
Human resource expenses	20,489	19,126
Office supplies and other expenses	32,328	39,860
Items for sale and premiums	11,258	26,956
Telephone and internet communications	81,194	87,155
Building and equipment repairs and maintenance	175,842	193,613
Software, internet and data processing	79,521	76,103
Lease property	121,336	118,265
Utilities	248,969	235,315
Business insurance	96,530	101,779
Interest and other fees	408,670	430,737
Vehicle expenses	3,779	5,105
Credit card charges and bad debt expense	56,679	42,535
	6,822,491	7,083,849
Expenses before depreciation and tower lease expense	6,822,491	7,083,849
Net operating activities before depreciation and tower lease expense	332,152	(416,051)
Depreciation	1,167,473	1,167,176
Tower lease expense	60,000	60,000
	8,049,964	8,311,025
Total expenses	8,049,964	8,311,025
Net operating activities	(895,321)	(1,643,227)

**THE PUBLIC BROADCASTING COUNCIL  
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Consolidated Statements of Activities and Changes in Net Assets, Continued  
Years ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Non-operating activities:		
Contributions and grants for capital purchases	146,755	32,250
Change in investment in Centralcast, LLC	11,134	(26,215)
Net assets released from restrictions - capital	34,351	73,296
Other non-operating activities	123,521	-
	<u>315,761</u>	<u>79,331</u>
Total non-operating activities		
Decrease in unrestricted net assets	<u>(579,560)</u>	<u>(1,563,896)</u>
Temporarily restricted net assets:		
Restricted contributions - membership/education	47,298	29,070
Restricted contributions - capital	-	10,000
Restricted contributions - Enterprise America	33,333	-
Loss on restricted contributions for capital purposes	-	(40,000)
Net assets released from restrictions - membership/education	(54,070)	(74,582)
Net assets released from restrictions - capital	<u>(34,351)</u>	<u>(73,296)</u>
Decrease in temporarily restricted net assets	<u>(7,790)</u>	<u>(148,808)</u>
Decrease in net assets	(587,350)	(1,712,704)
Net assets at beginning of year	<u>9,893,159</u>	<u>11,605,863</u>
Net assets at end of year	<u>\$ 9,305,809</u>	<u>9,893,159</u>

See accompanying notes to the consolidated financial statements.

**THE PUBLIC BROADCASTING COUNCIL  
OF CENTRAL NEW YORK, INC.  
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Consolidated Statements of Cash Flows

Years ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Reconciliation of change in net assets to net cash from operating activities:		
Change in net assets	\$ (587,350)	(1,712,704)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	1,167,473	1,167,176
Amortization of debt issuance costs	125,843	125,843
Lease amortization	60,000	60,000
Provision for (recovery of) bad debts	84	(7,898)
Restricted contributions for capital purposes	(146,755)	(2,250)
Change in investment in Centralcast, LLC	(11,134)	26,215
Changes in operating assets and liabilities:		
Accounts receivable - underwriting	(63,179)	7,774
Pledges receivable - membership	3,300	(4,388)
Prepaid broadcasting rights	(25,547)	13,874
Grants and other receivables	(47,804)	35,994
Other assets	(36,056)	11,419
Accounts payable	(214,506)	83,416
Accrued and other expenses	18,860	27,816
Due to affiliate	(12,305)	(63,825)
Deferred compensation obligation	(38,316)	(36,302)
Deferred revenue	(160,702)	199,660
Net cash provided by (used in) operating activities	<u>31,906</u>	<u>(68,180)</u>
Cash flows from investing activities:		
Increase in cash surrender value of insurance policy	(12,540)	(13,921)
Decrease in assets limited as to use, net	140,085	142,837
Purchases of broadcast facilities and equipment	(104,818)	(145,101)
Net cash provided by (used in) investing activities	<u>22,727</u>	<u>(16,185)</u>
Cash flows from financing activities:		
Principal payments on long-term debt obligations	-	(17,315)
Proceeds from (payments on) line of credit, net	(215,000)	1,000
Proceeds from restricted contributions for capital purposes	171,106	90,546
Net cash provided by (used in) financing activities	<u>(43,894)</u>	<u>74,231</u>
Net increase (decrease) in cash and cash equivalents	10,739	(10,134)
Cash and cash equivalents at beginning of year	<u>8,595</u>	<u>18,729</u>
Cash and cash equivalents at end of year	<u>\$ 19,334</u>	<u>8,595</u>
Supplemental disclosures of cash flow information:		
Equipment purchases financed with accounts payable	\$ 51,746	38,146
Cash paid for interest	305,026	314,721

See accompanying notes to the consolidated financial statements.



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Notes to Consolidated Financial Statements

June 30, 2018 and 2017

(1) Summary of Significant Accounting Policies

(a) Nature of Operations

The Public Broadcasting Council of Central New York, Inc. is a non-profit New York Corporation which operates a non-commercial public television station and a non-commercial public FM radio station in Syracuse, New York, (WUNY) in Utica, New York and (WJNY) in Watertown, New York. The Public Broadcasting Council of Central New York, Inc. (WCNY) maintains its accounting records in conformity with the Principles of Accounting and Financial Reporting for Public Telecommunication Entities mandated by The Corporation for Public Broadcasting (CPB), which is in accordance with accounting principles generally accepted in the United States of America.

WCNY Foundation, Inc. (Foundation) is a non-profit New York Corporation established during 2011 to provide financial and administrative assistance to The Public Broadcasting Council of Central New York, Inc. and to oversee the design and facilitate the establishment, operation and maintenance of a television and radio broadcast facility. The Foundation Board of Directors is elected by the WCNY Board of Directors on an annual basis. Both boards currently consist of the same members.

Joint Master Control Operating Co., Inc. (JMC) is a non-profit organization established to provide operational and technical assistance to WCNY and to oversee the establishment, operations and maintenance of a centrally accessible programming system, for the use of WCNY, as well as other public radio and television broadcasting systems nationwide. The members of the JMC Board of Directors are also members of the WCNY Board of Directors.

(b) Principles of Consolidation

The consolidated financial statements include the accounts of The Public Broadcasting Council of Central New York, Inc., and WCNY Foundation, Inc. (the Council). The activities of JMC are not material to the Council, and therefore, have not been included within the accompanying consolidated financial statements. All significant intercompany accounts and transactions have been eliminated in consolidation.

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Notes to Consolidated Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(c) Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(d) Cash and Cash Equivalents

The Council considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Council maintains cash balances in a financial institution that at times exceeds federally insured limits.

(e) Fair Value of Financial Instruments

The *Fair Value Measurement* Topic of the Financial Accounting Standards Board (FASB) *Accounting Standards Codification* requires disclosures that categorize assets and liabilities measured at fair value based on a fair value hierarchy. It defines fair value 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 (exit price). Inputs used to measure fair value are classified into the following hierarchy:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Quoted prices in active markets for similar assets or liabilities, or quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.
- Level 3 - Significant valuation assumptions not readily observable in a market.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The fair value of all financial instruments approximates their carrying value, determined using Level 1 inputs for assets limited as to use. Cash surrender value of life insurance is classified as Level 2. The value was determined by the underwriting insurance company's valuation models, which take into account the passage of time, mortality tables, interest rates, cash values for paid-up additions and dividend accumulations. The cash surrender value represents the guaranteed value the Council would receive upon surrender of the policy as of June 30, 2018 and 2017, respectively.

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Notes to Consolidated Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(f) Assets Limited as to Use

Assets limited as to use consist of cash and cash equivalents and represents donor funds for capital uses, funds held in escrow and board-designated funds. Funds held in escrow represents funds used for the construction of the building, interest costs and fees payable to the lenders in conjunction with the New Market Tax Credits (NMTC) transaction described in note 2. Board-designated funds represent funds that have been internally restricted and may be utilized at the discretion of the Council's Board of Directors.

(g) Accounts and Pledges Receivable

Accounts and pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debts and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Pledges receivable are discounted using a risk-free interest rate based on the average U.S. treasury rate applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are subsequently met.

(h) Grants Receivable

Certain grants are restricted for the purchase of equipment and for the payment of certain operational expenses. When the Council is notified as a recipient of these grants, the amounts are included as temporarily restricted grant revenue or non-operating grants for capital purchases in the accompanying consolidated statements of activities and changes in net assets. Grants received with restrictions that are met in the same year in which the grant notification is received are classified as unrestricted or grants for capital purchases.

(i) Prepaid Broadcasting Rights

Prepaid broadcasting rights represent costs incurred for programs to be broadcast subsequent to fiscal year end. Such rights are amortized over the contract period.

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Notes to Consolidated Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(j) Deferred Financing Costs

Deferred financing costs relate principally to costs incurred in connection with obtaining the New Market Tax Credit long-term financing arrangement. Certain costs are being amortized over a seven-year period (new market tax credit period) while the remaining costs are amortized over the term of the related obligations using a method approximating the effective interest method. Amortization of approximately \$126,000 was charged to operations in 2018 and 2017, and is included in interest expense within the statements of activities and changes in net assets. Accumulated amortization was approximately \$876,000 and \$750,000 at June 30, 2018 and 2017, respectively.

(k) Broadcast Facilities and Equipment

Broadcast facilities and equipment are recorded at cost or, in the case of donated facilities and equipment, at their appraised value as of the date of receipt. Depreciation is calculated on the straight-line method over the estimated useful lives of the various classes of assets, using a mid-year convention for all additions ranging from 3 to 45 years.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. No impairment loss has been recorded by the Council for the years ended June 30, 2018 and 2017.

(l) Temporarily Restricted Net Assets

Temporarily restricted net assets are subject to donor stipulations that expire by the passage of time or can be fulfilled or removed by actions pursuant to the stipulations.

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Notes to Consolidated Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(m) Contributions and Other Support and Revenue

Contributions are generally available for unrestricted use in the year received unless specifically restricted by the donor. Unconditional promises to give are recorded as received. Unconditional promises to give are recorded at the present value of their net realizable value, net of discounts.

Grants and other contributions of cash and other assets are reported as temporarily restricted or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions. Amounts received prior to services being performed are recorded as deferred revenue.

A significant portion of the Council's revenues are derived from the New York State Education Department and the Corporation for Public Broadcasting. As such, the Council is dependent on these revenue sources to carry out its operating activities.

Contributed materials, supplies, facilities and property are recorded at their estimated fair value at the date of donation. The Council reports gifts of equipment, professional services, materials and other nonmonetary contributions as unrestricted revenue in the accompanying consolidated statements of activities and changes in net assets.

(n) In-kind Contributions and Donated Services

In-kind contributions and donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values at the date of donation. Donated personal services of nonprofessional volunteers, as well as national and local programming services, are not recorded as revenue and expense as there is no objective basis available to measure the value of such services.

Contributed advertising is recorded at the fair value of the contribution portion of the total value received.

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(1) Summary of Significant Accounting Policies, Continued

(o) Other Production Revenue and Related Production Costs

The Council uses the percentage-of-completion method of accounting for production revenue, whereby the cumulative production revenue earned equals the ratio of costs incurred to the estimated total costs at completion applied to the total committed revenues from outside sponsors. Production costs include charges by subcontractors plus all direct labor and other direct costs. Indirect and general and administrative expenses are charged to expense as incurred.

Cost estimates on programs are reviewed periodically as the work progresses and adjustments, if needed, are reflected in the period in which the estimates are revised.

(p) Program and Production Underwriting

Revenue for program underwriting is recorded on a pro-rata basis for the period covered, and for production underwriting on an estimated percentage-of-completion basis.

(q) Advertising Costs

Advertising costs are expensed in the period in which they are incurred.

(r) Income Tax Status

WCNY and the Foundation are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code, and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code. WCNY and the Foundation are subject to federal income taxes on unrelated business income pursuant to Section 511 of the Internal Revenue Code.

As of June 30, 2018 and 2017, the Council did not have any unrecognized tax benefits or any related accrued interest or penalties.

The tax years open to examination by federal and state taxing authorities are 2015 through 2018.

(s) Reclassifications

Certain amounts in the 2017 consolidated financial statements have been reclassified to conform to the 2018 presentation.

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Notes to Consolidated Financial Statements

(2) New Market Tax Credits

The Foundation completed the construction of a new 56,000 square foot television and radio broadcasting facility. In order to facilitate the construction of the facility, on July 26, 2011, WCNY and the Foundation closed on a New Market Tax Credit Transaction. The NMTC program permits taxpayers, who have made qualified equity investments in designated community development entities (CDE's), to receive credit against their federal income taxes. The credit is to be claimed over a seven-year credit allowance period.

WCNY received funds from different sources, comprised of grant proceeds (\$10,700,000) and loans from a financial institution (\$4,000,000) totalling approximately \$14,700,000. WCNY aggregated all such funds to make a leveraged loan to a special purpose investment fund owned substantially by an affiliate of the related financial institution. The special purpose investment fund used the proceeds of the leverage loan, together with equity contributed by the related financial institution to make "qualified equity investments" (QEI) in qualified CDE's. The CDE's used substantially all of each QEI to make "qualified low-income community investments" (QLICI Loan) on favorable terms to the Foundation as a "qualified active low-income community business" (QALICB). The NMTC transaction utilized four promissory notes to the Foundation totalling \$20,428,080 (note 8), collateralized by the related assets. The Foundation used these proceeds to oversee the design and facilitate the establishment, operation and maintenance of the new facility. The Foundation began leasing the facility to WCNY during 2013.

The NMTC structure remained in effect for a period of 7 years until July 26, 2018 when the new market tax credit period expired (see note 14). Built within the agreements are put and call options for WCNY to acquire 100% of the special purpose investment fund at a purchase price in the amount of \$1,000, and any transfer taxes or other closing costs paid or payable by the special purpose investment fund attributable to the exercise of the put option and/or sale of the special purpose investment fund interest and any amounts then due and owing from the Council to the special purpose investment fund.

Included within assets limited as to use, the Council has New Market Tax Credit Reserve accounts to be used for paying interest and fees due and payable to the CDEs pursuant to the respective agreements. The reserve escrow balances were approximately \$229,000 and \$295,000 at June 30, 2018 and 2017, respectively.

(3) Leveraged Loan Receivable

WCNY (leveraged lender) and Chase NMTC WCNY Investment Fund, LLC (borrower) entered into a loan agreement and promissory note on July 26, 2011, in the amount of \$14,696,861. Interest only payments to WCNY are payable at 0.50% through December 1, 2018. Beginning on December 1, 2018, installments including principal and interest of \$152,160 are due quarterly commencing on March 1, 2019 through September 1, 2044 (see note 14 for the Council's NMTC transaction exit).

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Notes to Consolidated Financial Statements

(4) Investment in Centralcast, LLC

WCNY is a member of Centralcast, LLC (the Company), a not-for-profit corporation, with various other New York State public broadcasting organizations, at various ownership percentages. The Company exists to establish and provide a joint master control facility for the benefit of all members. As the Council has the ability to exert significant influence but not control over the Company, the minority interest investment in the Company has been recorded under the equity method at June 30, 2018 and 2017. The Company rents building space from the Council under a noncancellable operating lease agreement expiring June 2027.

Summarized financial data of the Company as of and for its years ended June 30 is set forth below:

	<u>2018</u>	<u>2017</u>
Total assets	\$ 6,863,723	7,422,114
Total liabilities	1,871,468	2,509,393
Total net assets	4,992,255	4,912,721
Total revenue and other support	3,585,269	2,699,240
Increase (decrease) in net assets	79,534	(186,229)

(5) Pledges Receivable

Pledges receivable consist of the following at June 30:

	<u>2018</u>	<u>2017</u>
Pledges receivable - membership	\$ 20,948	29,070
Pledges receivable - capital campaign	17,347	81,876
Gross pledges receivable	38,295	110,946
Less:		
Allowance for uncollectible pledges	(1,079)	(45,901)
Present value discount on pledges	(221)	(399)
Total pledges	\$ <u>36,995</u>	<u>64,646</u>

The expected collection of pledges receivable is as follows:

	<u>2018</u>	<u>2017</u>
Less than one year	\$ 27,466	43,906
One to five years	9,529	20,740
	\$ <u>36,995</u>	<u>64,646</u>



**THE PUBLIC BROADCASTING COUNCIL  
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Notes to Consolidated Financial Statements

(6) Broadcast Facilities and Equipment

Broadcast facilities and equipment at June 30 are comprised of the following:

	<u>2018</u>	<u>2017</u>
Land	\$ 791,159	791,159
Building and improvements	15,418,150	15,277,902
Transmitter building	48,934	48,934
Antenna, tower and transmitter	3,579,764	3,579,764
Translators	252,070	252,070
Studio equipment (TV)	4,096,907	4,022,112
Office furniture and fixtures	1,018,105	1,018,105
Computer hardware/software	993,031	993,031
Vehicles and equipment	-	28,177
Studio equipment (FM)	605,265	605,265
Projects in progress	-	96,625
	<u>26,803,385</u>	<u>26,713,144</u>
Less accumulated depreciation	<u>(11,157,399)</u>	<u>(10,018,103)</u>
	<u>\$ 15,645,986</u>	<u>16,695,041</u>

Depreciation expense approximated \$1,167,000 for the years ended June 30, 2018 and 2017.

A substantial portion of broadcast facilities and equipment were purchased through federal and state grants, and therefore are subject to any liens associated with the grants. The Council has full and continued primary, equitable and/or beneficial interest in the equipment as long as such equipment continues to be used for intended purposes.

(7) Lines of Credit

WCNY maintains a revolving line of credit for borrowings up to \$550,000 with interest at prime (5.00% at June 30, 2018), expiring February 28, 2019. At June 30, 2018 and 2017 outstanding borrowings amounted to \$335,000 and \$550,000, respectively. Amounts available under the line of credit are available for operations and are collateralized by all the Council's personal property, pledge payments for the on-going capital campaign and the cash surrender value of the Council's insurance policy.

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(7) Lines of Credit, Continued

In November 2018, WCNY entered into a commitment agreement with a different lender for a new line of credit for borrowings up to \$600,000 with interest at prime. As a condition of the new agreement, WCNY will pay-off and terminate the existing line of credit and close on a mortgage loan payable with this lender as more fully described in note 8 to the consolidated financial statements. Amounts available under the line of credit are collateralized by substantially all of the Council's assets, including the cash surrender value of the insurance policy and the agreement contains certain financial covenants with which the Council has agreed to comply.

(8) Long-Term Debt Obligations

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

	<u>2018</u>	<u>2017</u>
Promissory note A payable to the CDE - Enhanced Capital New Market Development Fund IX, LLC with a maturity date of September 1, 2051 and interest only at .437% payable quarterly through December 1, 2018, with quarterly installments including principal and interest of \$45,022 commencing on March 1, 2019	\$ 5,492,534	5,492,534
Promissory note B payable to the CDE - Enhanced Capital New Market Development Fund IX, LLC with a maturity date of September 1, 2051 and interest only at .437% payable quarterly through December 1, 2018, with quarterly installments including principal and interest of \$34,899 commencing on March 1, 2019	4,257,466	4,257,466
Promissory note A payable to the CDE - NDC New Markets Investments LXII, LLC and a maturity date of September 1, 2051 with interest only at .437% payable quarterly through December 1, 2018, with quarterly installments including principal and interest of \$49,308 commencing on March 1, 2019	6,015,356	6,015,356
Promissory note B payable to the CDE - NDC New Markets Investments LXII, LLC and a maturity date of September 1, 2051 with interest only at .437% payable quarterly through December 1, 2018, with a one-time principal payment of \$166,845 due on July 27, 2018. Quarterly installments including principal and interest of \$36,853 commence on March 1, 2019	4,662,724	4,662,724

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(8) Long-Term Debt Obligations, Continued

	<u>2018</u>	<u>2017</u>
A \$2,900,000 term loan note payable to a bank which bears interest at prime less 0.5% (4.5% at June 30, 2018). The note is collateralized by all the Council's personal property, pledge payments for the on-going capital campaign and the cash surrender value of the Council's insurance policy. The note payable agreement contains certain financial covenants with which the Council has agreed to comply (a)	1,847,988	1,847,988
	<u>22,276,068</u>	<u>22,276,068</u>
Less unamortized debt issuance costs	<u>(386,978)</u>	<u>(512,821)</u>
	<u>\$ 21,889,090</u>	<u>21,763,247</u>

(a) In November 2018, the Council entered into a commitment agreement for a mortgage loan with a different lender. As part of the commitment agreement, the proceeds from the loan will be used to refinance and satisfy the balance of the existing term loan note payable. The new mortgage loan will be approximately \$1,850,000, payable over a 20 year term and bear interest at an initial rate of 5.75%, fixed for five years and then adjust (and adjust every three years thereafter) to a rate equal to the Federal Home Loan Bank of New York three-year advance plus 2.75%, not to fall below 5.50%. The mortgage loan agreement contains certain financial covenants with which the Council has agreed to comply and is expected to close by December 31, 2018. The loan will be collateralized by the Council's building and the cash surrender value of the Council's insurance policy.

Annual required principal payments are as follows:

2019	\$ 2,303,220
2020	578,016
2021	580,524
2022	583,066
2023	585,618
Thereafter	<u>17,645,624</u>
	<u>\$ 22,276,068</u>

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(8) Long-Term Debt Obligations, Continued

The schedule above includes principal payments on the CDE notes payable of approximately \$20,428,000 related to the NMTC transaction (refer to note 14 for the Council's NMTC transaction exit on July 27, 2018).

(9) Leases

WCNY rents tower space and building space to various companies under noncancellable operating leases. Minimum future rental income is approximately as follows:

	<u>Other</u>	<u>Related party</u>
2019	\$ 37,000	151,000
2020	37,000	156,000
2021	37,000	160,000
2022	37,000	165,000
2023	29,000	170,000

Rental income earned on operating leases approximated \$177,000 and \$173,000 for 2018 and 2017, respectively.

WCNY has executed leases with private television stations for the use of transmitter tower facilities. Minimum future rental expense under noncancellable operating leases is approximately as follows:

2019	\$ 123,000
2020	127,000
2021	130,000
2022	102,000
2023	90,000

Rental expense on operating leases approximated \$120,000 and \$117,000 for 2018 and 2017, respectively.

WCNY executed a 20-year prepaid lease for \$1,200,000 with a private television station for the use of the transmitter tower and related facilities. This lease prepayment amounting to \$285,000 and \$345,000 at June 30, 2018 and 2017, respectively, is amortized on a straight-line basis over 20 years through 2023.

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(10) Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30:

	<u>2018</u>	<u>2017</u>
Membership/education	\$ 47,298	29,070
Capital	17,126	51,477
Enterprise America	<u>37,860</u>	<u>29,527</u>
	<u>\$ 102,284</u>	<u>110,074</u>

(11) Commitments and Contingencies

Purchase commitments outstanding of approximately \$861,000 and \$808,000 at June 30, 2018 and 2017, respectively, relate to programming rights for programs not available for showing until subsequent periods.

At times the Council may be party to various legal proceedings arising in the ordinary course of business. The Council's management and legal counsel review the probable outcome of these proceedings and the costs and expenses reasonably expected to be incurred. While the outcome of legal proceedings cannot be predicted with certainty, based on its review, management believes that the liabilities that may result are not likely to have a material effect on the Council's liquidity, financial condition or change in net assets.

(12) Retirement Benefits

WCNY participates in contributory retirement plans administered by the Teachers Insurance Annuity Association of America (TIAA) and College Retirement Equities Fund (CREF) covering substantially all employees. WCNY's policy is to recognize the costs of these defined contribution plans currently. Total pension expense charged to operations relating to these plans was approximately \$30,000 and \$41,000 for 2018 and 2017, respectively.

WCNY maintains a retirement agreement with its former president and chief executive officer, under a deferred compensation plan. In April of 2001, upon the officer's retirement, WCNY began making monthly payments of \$4,583 for life with right of survivorship (20 years certain). Accordingly, WCNY has recorded a liability based upon the present value of the estimated minimum payments.

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(13) Functional Expenses

The Council primarily operates a non-commercial public television station, a non-commercial public FM radio station and a supporting foundation. Expenses related to operations are as follows at June 30:

	<u>2018</u>	<u>2017</u>
Program services	\$ 7,164,442	7,340,086
Fundraising	511,955	533,116
Administrative	<u>373,567</u>	<u>437,823</u>
	<u>\$ 8,049,964</u>	<u>8,311,025</u>

(14) Subsequent Events

Subsequent events have been evaluated through November 30, 2018, which is the date the consolidated financial statements were available to be issued.

On July 27, 2018 WCNY purchased for \$1,000 the 99.99% membership interest of Chase Community Equity LLC in the Chase NMTC WCNY Investment Fund, LLC (Investment Fund) and concurrently Community Development Properties New Markets MM, Inc. resigned as a .01% member of the Investment Fund pursuant to that certain Fund Interest Purchase Agreement and Assignment and Assumption Agreements each dated as of July 27, 2018, leaving WCNY as the sole member of the Investment Fund.

Pursuant to that certain Redemption and Assignment Agreement dated as of July 27, 2018, NDC New Markets Investments LXII, LLC (NDC) redeemed the 99.99% membership interest of the Investment Fund in consideration of a cash payment and the assignment of certain assets of NDC (promissory notes due from the Foundation), specifically (i) Promissory Note A and (ii) Promissory Note B (see note 8 for related disclosures).

Pursuant to a second Redemption and Assignment Agreement dated as of July 27, 2018, Enhanced Capital New Market Development Fund IX, LLC (Enhanced) redeemed the 99.99% membership interest of the Investment Fund in consideration of a cash payment and the assignment of certain assets of Enhanced (promissory notes due from the Foundation), specifically (i) Promissory Note A and (ii) Promissory Note B (see note 8 for related disclosures).

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(14) Subsequent Events, Continued

Certain transactions have been described in that certain Exit Transfers Memorandum dated as of July 27, 2018. These transactions effectuated the payment of fees to NDC and Enhanced, payment of debt service on the \$14,696,861 loan from WCNY to the Investment Fund (the "Leverage Loan") and distribution of remaining funds of the Investment Fund to WCNY as the sole member of Investment Fund. In connection with the exit of the New Market Tax Credit transaction, the Council's reserve funds were utilized and the Council paid approximately \$46,000, net of Investment Fund distributions.

As a result of the New Market Tax Credit transaction unwind, the Council recognized an increase in unrestricted net assets of approximately \$5 million in fiscal year 2019.

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Consolidating Statement of Financial Position

June 30, 2018

<u>Assets</u>	<u>WCNY</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Consolidated</u>
Cash and cash equivalents	\$ 11,985	7,349	-	19,334
Accounts receivable - underwriting, net of allowance of approximately \$36,000 in 2018	239,503	-	-	239,503
Pledges receivable, net - membership	19,869	-	-	19,869
Pledges receivable, net - capital campaign	17,126	-	-	17,126
Due from affiliate	-	64,952	(64,952)	-
Grants and other receivables	141,356	-	-	141,356
Prepaid broadcasting rights	49,529	-	-	49,529
Assets limited as to use:				
New Market Tax Credit reserve fund (note 1(f))	6,867	221,690	-	228,557
Capital campaign funds	2,760	-	-	2,760
Board-designated funds	54	-	-	54
Other assets	137,010	-	-	137,010
Investment in Centralcast, LLC	703,981	-	-	703,981
Broadcast facilities and equipment, net	1,596,501	14,049,485	-	15,645,986
Leveraged loan receivable (note 3)	14,696,861	-	-	14,696,861
Prepaid tower lease	285,000	-	-	285,000
Cash surrender value of insurance policy	741,153	-	-	741,153
	<u>\$ 18,649,555</u>	<u>14,343,476</u>	<u>(64,952)</u>	<u>32,928,079</u>
<u>Liabilities and Net Assets</u>				
Long-term debt obligations	1,847,988	20,041,102	-	21,889,090
Line of credit	335,000	-	-	335,000
Accounts payable	438,435	7,500	-	445,935
Accrued and other expenses	280,268	94,806	-	375,074
Due to affiliates	64,952	-	(64,952)	-
Deferred revenue	325,353	-	-	325,353
Deferred compensation obligation	251,818	-	-	251,818
Total liabilities	<u>3,543,814</u>	<u>20,143,408</u>	<u>(64,952)</u>	<u>23,622,270</u>
Net assets (deficit):				
Unrestricted	15,003,457	(5,799,932)	-	9,203,525
Temporarily restricted	102,284	-	-	102,284
Total net assets (deficit)	<u>15,105,741</u>	<u>(5,799,932)</u>	<u>-</u>	<u>9,305,809</u>
Commitments and contingencies (notes 9 and 11)				
	<u>\$ 18,649,555</u>	<u>14,343,476</u>	<u>(64,952)</u>	<u>32,928,079</u>

See accompanying independent auditor's report.



**THE PUBLIC BROADCASTING COUNCIL  
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Consolidating Statement of Activities and Changes in Net Assets

For the year ended June 30, 2018

	<u>WCNY</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Consolidated</u>
Unrestricted revenues:				
Contributions:				
Membership	\$ 1,916,556	-	-	1,916,556
Donations, grants, events and sales	327,145	-	-	327,145
Net assets released from restrictions - membership/education	54,070	-	-	54,070
	<u>2,297,771</u>	<u>-</u>	<u>-</u>	<u>2,297,771</u>
Other support and revenue:				
Auctions	434,049	-	-	434,049
NYS education department grants	1,057,713	-	-	1,057,713
Public Broadcasting funding	1,078,095	-	-	1,078,095
Underwriting	1,142,192	-	-	1,142,192
Other production revenue	126,684	-	-	126,684
Rent and facilities	226,093	90,000	(90,000)	226,093
Investment income	86,154	-	-	86,154
In-kind, trade and miscellaneous	703,116	2,776	-	705,892
	<u>4,854,096</u>	<u>92,776</u>	<u>(90,000)</u>	<u>4,856,872</u>
Total contributions, other support and revenue	<u>7,151,867</u>	<u>92,776</u>	<u>(90,000)</u>	<u>7,154,643</u>
Expenses:				
Salaries, wages and commissions	2,831,620	-	-	2,831,620
Payroll taxes and employee benefits	589,770	-	-	589,770
Contracted services, freelance and fees	361,409	-	-	361,409
Production costs	44,576	-	-	44,576
Program acquisition costs	82,485	-	-	82,485
Public Broadcasting dues and fees	985,094	-	-	985,094
Printing	144,735	-	-	144,735
Advertising and promotion	140,372	-	-	140,372
Direct mail, postage and shipping	208,467	-	-	208,467
Staff and volunteer expenses	97,368	-	-	97,368
Human resource expenses	20,489	-	-	20,489
Office supplies and other expenses	32,328	-	-	32,328
Items for sale and premiums	11,258	-	-	11,258
Telephone and internet communications	81,194	-	-	81,194
Building and equipment repairs and maintenance	175,842	-	-	175,842
Software, internet and data processing	79,521	-	-	79,521
Lease property	211,336	-	(90,000)	121,336
Utilities	248,969	-	-	248,969
Business insurance	96,530	-	-	96,530
Interest and other fees	116,106	292,564	-	408,670
Vehicle expenses	3,779	-	-	3,779
Credit card charges and bad debt expense	56,679	-	-	56,679
Expenses before depreciation and tower lease expense	<u>6,619,927</u>	<u>292,564</u>	<u>(90,000)</u>	<u>6,822,491</u>
Net operating activities before depreciation and tower lease expense	531,940	(199,788)	-	332,152
Depreciation	263,334	904,139	-	1,167,473
Tower lease expense	60,000	-	-	60,000
Total expenses	<u>6,943,261</u>	<u>1,196,703</u>	<u>(90,000)</u>	<u>8,049,964</u>
Net operating activities	<u>208,606</u>	<u>(1,103,927)</u>	<u>-</u>	<u>(895,321)</u>

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Consolidating Statement of Activities and Changes in Net Assets, Continued

For the year ended June 30, 2018

	<u>WCNY</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Consolidated</u>
Non-operating activities:				
Contributions and grants for capital purchases	15,755	131,000	-	146,755
Change in investment in Centralcast, LLC	11,134	-	-	11,134
Net assets released from restrictions - capital	34,351	-	-	34,351
Other non-operating revenue	<u>123,521</u>			<u>123,521</u>
Total non-operating activities	<u>184,761</u>	<u>131,000</u>	<u>-</u>	<u>315,761</u>
Increase (decrease) in unrestricted net assets	<u>393,367</u>	<u>(972,927)</u>	<u>-</u>	<u>(579,560)</u>
Temporarily restricted net assets:				
Restricted contributions - membership/education	47,298	-	-	47,298
Restricted contribution - Enterprise America	33,333			33,333
Net assets released from restrictions - membership/education	(54,070)	-	-	(54,070)
Net assets released from restrictions - capital	<u>(34,351)</u>	<u>-</u>	<u>-</u>	<u>(34,351)</u>
Decrease in temporarily restricted net assets	<u>(7,790)</u>	<u>-</u>	<u>-</u>	<u>(7,790)</u>
Increase (decrease) in net assets	385,577	(972,927)	-	(587,350)
Net assets (deficit) at beginning of year	<u>14,720,164</u>	<u>(4,827,005)</u>	<u>-</u>	<u>9,893,159</u>
Net assets (deficit) at end of year	<u>\$ 15,105,741</u>	<u>(5,799,932)</u>	<u>-</u>	<u>9,305,809</u>

See accompanying independent auditor's report.

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Consolidating Statement of Cash Flows

For the year ended June 30, 2018

	<u>WCNY</u>	<u>Foundation</u>	<u>Consolidated</u>
Reconciliation of change in net assets to net cash from operating activities:			
Change in net assets	\$ 385,577	(972,927)	(587,350)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:			
Depreciation	263,334	904,139	1,167,473
Amortization of debt issuance costs	-	125,843	125,843
Lease amortization	60,000	-	60,000
Provision for bad debts	84	-	84
Restricted contributions for capital purposes	(15,755)	(131,000)	(146,755)
Change in investment in Centralcast, LLC	(11,134)	-	(11,134)
Changes in operating assets and liabilities:			
Accounts receivable - underwriting	(63,179)	-	(63,179)
Pledges receivable - membership	3,300	-	3,300
Prepaid broadcasting rights	(25,547)	-	(25,547)
Grants and other receivables	(47,804)	-	(47,804)
Other assets	(36,056)	-	(36,056)
Accounts payable	(219,917)	5,411	(214,506)
Accrued and other expenses	(5,910)	24,770	18,860
Due to/from affiliates, net	106,820	(119,125)	(12,305)
Deferred compensation obligation	(38,316)	-	(38,316)
Deferred revenue	(160,702)	-	(160,702)
Net cash provided by (used in) operating activities	<u>194,795</u>	<u>(162,889)</u>	<u>31,906</u>
Cash flows from investing activities:			
Increase in cash surrender value of insurance policy	(12,540)	-	(12,540)
Decrease in assets limited as to use, net	67,325	72,760	140,085
Purchases of broadcast facilities and equipment	(70,444)	(34,374)	(104,818)
Net cash provided by (used in) investing activities	<u>(15,659)</u>	<u>38,386</u>	<u>22,727</u>
Cash flows from financing activities:			
Payments on line of credit, net	(215,000)	-	(215,000)
Proceeds from restricted contributions for capital purposes	40,106	131,000	171,106
Net cash provided by (used in) financing activities	<u>(174,894)</u>	<u>131,000</u>	<u>(43,894)</u>
Net increase in cash and cash equivalents	4,242	6,497	10,739
Cash and cash equivalents at beginning of year	<u>7,743</u>	<u>852</u>	<u>8,595</u>
Cash and cash equivalents at end of year	<u>\$ 11,985</u>	<u>7,349</u>	<u>19,334</u>
Supplemental disclosures of cash flow information:			
Equipment purchases financed with accounts payable	\$ 51,746	-	51,746
Cash paid for interest	66,963	238,063	305,026

See accompanying independent auditor's report.

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Consolidating Statement of Financial Position

June 30, 2017

<u>Assets</u>	<u>WCNY</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Consolidated</u>
Cash and cash equivalents	\$ 7,743	852	-	8,595
Accounts receivable - underwriting, net of allowance of approximately \$34,000 in 2017	176,408	-	-	176,408
Pledges receivable, net - membership	23,169	-	-	23,169
Pledges receivable, net - capital campaign	41,477	-	-	41,477
Due from affiliate	95,700	41,527	(137,227)	-
Grants and other receivables	93,552	-	-	93,552
Prepaid broadcasting rights	23,982	-	-	23,982
Assets limited as to use:				
New Market Tax Credit reserve fund (note 1(f))	708	294,450	-	295,158
Capital campaign funds	24,869	-	-	24,869
Board-designated funds	51,429	-	-	51,429
Other assets	100,954	-	-	100,954
Investment in Centralcast, LLC	692,847	-	-	692,847
Broadcast facilities and equipment, net	1,775,791	14,919,250	-	16,695,041
Leveraged loan receivable (note 3)	14,696,861	-	-	14,696,861
Prepaid tower lease	345,000	-	-	345,000
Cash surrender value of insurance policy	728,613	-	-	728,613
	<u>\$ 18,879,103</u>	<u>15,256,079</u>	<u>(137,227)</u>	<u>33,997,955</u>
<u>Liabilities and Net Assets</u>				
Long-term debt obligations	1,847,988	19,915,259	-	21,763,247
Line of credit	550,000	-	-	550,000
Accounts payable	644,752	2,089	-	646,841
Accrued and other expenses	286,178	70,036	-	356,214
Due to affiliate	53,832	95,700	(137,227)	12,305
Deferred revenue	486,055	-	-	486,055
Deferred compensation obligation	290,134	-	-	290,134
Total liabilities	<u>4,158,939</u>	<u>20,083,084</u>	<u>(137,227)</u>	<u>24,104,796</u>
Net assets (deficit):				
Unrestricted	14,610,090	(4,827,005)	-	9,783,085
Temporarily restricted	110,074	-	-	110,074
Total net assets (deficit)	<u>14,720,164</u>	<u>(4,827,005)</u>	<u>-</u>	<u>9,893,159</u>
Commitments and contingencies (notes 9 and 11)				
	<u>\$ 18,879,103</u>	<u>15,256,079</u>	<u>(137,227)</u>	<u>33,997,955</u>

See accompanying independent auditor's report.

**THE PUBLIC BROADCASTING COUNCIL  
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Consolidating Statement of Activities and Changes in Net Assets

For the year ended June 30, 2017

	<u>WCNY</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Consolidated</u>
Unrestricted revenues:				
Contributions:				
Membership	\$ 1,720,201	-	-	1,720,201
Donations, grants, events and sales	374,418	-	-	374,418
Net assets released from restrictions - membership/education	74,582	-	-	74,582
	<u>2,169,201</u>	<u>-</u>	<u>-</u>	<u>2,169,201</u>
Other support and revenue:				
Auctions	467,528	-	-	467,528
NYS education department grants	1,095,483	-	-	1,095,483
Public Broadcasting funding	1,088,562	-	-	1,088,562
Underwriting	898,678	-	-	898,678
Other production revenue	88,838	-	-	88,838
Rent and facilities	201,664	89,500	(89,500)	201,664
Investment income	87,414	-	-	87,414
In-kind, trade and miscellaneous	569,742	688	-	570,430
	<u>4,497,909</u>	<u>90,188</u>	<u>(89,500)</u>	<u>4,498,597</u>
Total contributions, other support and revenue	<u>6,667,110</u>	<u>90,188</u>	<u>(89,500)</u>	<u>6,667,798</u>
Expenses:				
Salaries, wages and commissions	2,944,759	-	-	2,944,759
Payroll taxes and employee benefits	644,039	-	-	644,039
Contracted services, freelance and fees	286,214	-	-	286,214
Production costs	41,933	-	-	41,933
Program acquisition costs	89,537	-	-	89,537
Public Broadcasting dues and fees	994,925	-	-	994,925
Printing	154,509	-	-	154,509
Advertising and promotion	181,867	-	-	181,867
Direct mail, postage and shipping	242,227	-	-	242,227
Staff and volunteer expenses	127,290	-	-	127,290
Human resource expenses	19,126	-	-	19,126
Office supplies and other expenses	39,860	-	-	39,860
Items for sale and premiums	26,956	-	-	26,956
Telephone and internet communications	87,155	-	-	87,155
Building and equipment repairs and maintenance	193,613	-	-	193,613
Software, internet and data processing	76,103	-	-	76,103
Lease property	207,765	-	(89,500)	118,265
Utilities	235,315	-	-	235,315
Business insurance	101,779	-	-	101,779
Interest and other fees	102,258	328,479	-	430,737
Vehicle expenses	5,105	-	-	5,105
Credit card charges and bad debt expense	42,535	-	-	42,535
Expenses before depreciation and tower lease expense	<u>6,844,870</u>	<u>328,479</u>	<u>(89,500)</u>	<u>7,083,849</u>
Net operating activities before depreciation and tower lease expense	(177,760)	(238,291)	-	(416,051)
Depreciation	260,967	906,209	-	1,167,176
Tower lease expense	60,000	-	-	60,000
Total expenses	<u>7,165,837</u>	<u>1,234,688</u>	<u>(89,500)</u>	<u>8,311,025</u>
Net operating activities	<u>(498,727)</u>	<u>(1,144,500)</u>	<u>-</u>	<u>(1,643,227)</u>

**THE PUBLIC BROADCASTING COUNCIL  
OF CENTRAL NEW YORK, INC.  
(A Non-Profit New York Corporation)  
AND AFFILIATE**

Consolidating Statement of Activities and Changes in Net Assets, Continued

For the year ended June 30, 2017

	<u>WCNY</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Consolidated</u>
Non-operating activities:				
Contributions and grants for capital purchases	32,250	-	-	32,250
Change in investment in Centralcast, LLC	(26,215)	-	-	(26,215)
Net assets released from restrictions - capital	<u>73,296</u>	<u>-</u>	<u>-</u>	<u>73,296</u>
Total non-operating activities	<u>79,331</u>	<u>-</u>	<u>-</u>	<u>79,331</u>
Decrease in unrestricted net assets	<u>(419,396)</u>	<u>(1,144,500)</u>	<u>-</u>	<u>(1,563,896)</u>
Temporarily restricted net assets:				
Restricted contributions - membership	29,070	-	-	29,070
Restricted contributions - capital	10,000	-	-	10,000
Loss on restricted contributions for capital purposes	(40,000)	-	-	(40,000)
Net assets released from restrictions - membership/education	(74,582)	-	-	(74,582)
Net assets released from restrictions - capital	<u>(73,296)</u>	<u>-</u>	<u>-</u>	<u>(73,296)</u>
Decrease in temporarily restricted net assets	<u>(148,808)</u>	<u>-</u>	<u>-</u>	<u>(148,808)</u>
Decrease in net assets	(568,204)	(1,144,500)	-	(1,712,704)
Net assets (deficit) at beginning of year	<u>15,288,368</u>	<u>(3,682,505)</u>	<u>-</u>	<u>11,605,863</u>
Net assets (deficit) at end of year	<u>\$ 14,720,164</u>	<u>(4,827,005)</u>	<u>-</u>	<u>9,893,159</u>

See accompanying independent auditor's report.

**THE PUBLIC BROADCASTING COUNCIL  
OF CENTRAL NEW YORK, INC.  
(A Non-Profit New York Corporation)  
AND AFFILIATE**

Consolidating Statement of Cash Flows  
For the year ended June 30, 2017

	<u>WCNY</u>	<u>Foundation</u>	<u>Consolidated</u>
Reconciliation of change in net assets to net cash used in operating activities:			
Change in net assets	\$ (568,204)	(1,144,500)	(1,712,704)
Adjustments to reconcile change in net assets to net cash used in operating activities:			
Depreciation	260,967	906,209	1,167,176
Amortization of debt issuance costs	-	125,843	125,843
Lease amortization	60,000	-	60,000
Recovery of bad debts	(7,898)	-	(7,898)
Restricted contributions for capital purposes	(2,250)	-	(2,250)
Change in investment in Centralcast, LLC	26,215	-	26,215
Changes in operating assets and liabilities:			
Accounts receivable - underwriting	7,774	-	7,774
Pledges receivable - membership	(4,388)	-	(4,388)
Prepaid broadcasting rights	13,874	-	13,874
Grants and other receivables	35,994	-	35,994
Other assets	11,419	-	11,419
Accounts payable	83,416	-	83,416
Accrued and other expenses	36,891	(9,075)	27,816
Change in due to/from affiliate, net	(159,525)	95,700	(63,825)
Deferred compensation obligation	(36,302)	-	(36,302)
Deferred revenue	199,660	-	199,660
Net cash used in operating activities	<u>(42,357)</u>	<u>(25,823)</u>	<u>(68,180)</u>
Cash flows from investing activities:			
Increase in cash surrender value of insurance policy	(13,921)	-	(13,921)
Decrease in assets limited as to use, net	22,634	120,203	142,837
Purchases of broadcast facilities and equipment	(48,475)	(96,626)	(145,101)
Net cash provided by (used in) investing activities	<u>(39,762)</u>	<u>23,577</u>	<u>(16,185)</u>
Cash flows from financing activities:			
Principal payments on long-term debt obligations	(17,315)	-	(17,315)
Proceeds from line of credit, net	1,000	-	1,000
Proceeds from restricted contributions for capital purposes	90,546	-	90,546
Net cash provided by financing activities	<u>74,231</u>	<u>-</u>	<u>74,231</u>
Net decrease in cash and cash equivalents	(7,888)	(2,246)	(10,134)
Cash and cash equivalents at beginning of year	15,631	3,098	18,729
Cash and cash equivalents at end of year	<u>\$ 7,743</u>	<u>852</u>	<u>8,595</u>
Supplemental disclosures of cash flow information:			
Equipment purchases financed with accounts payable	\$ 38,146	-	38,146
Cash paid for interest	89,271	225,450	314,721

See accompanying independent auditor's report.

**THE PUBLIC BROADCASTING COUNCIL  
OF CENTRAL NEW YORK, INC.  
(A Non-Profit New York Corporation)  
AND AFFILIATE**

Statement of Activities and Changes in Net Assets by Broadcast Entity (WCNY)

For the year ended June 30, 2018  
(with comparative totals as of June 30, 2017)

	<u>FM</u>	<u>TV</u>	<u>Total 2018</u>	<u>Total 2017</u>
Unrestricted revenues:				
Contributions:				
Membership	\$ 249,152	1,667,404	1,916,556	1,720,201
Donations, grants, events and sales	20,383	306,762	327,145	374,418
Net assets released from restrictions - membership/education	3,779	50,291	54,070	74,582
	<u>273,314</u>	<u>2,024,457</u>	<u>2,297,771</u>	<u>2,169,201</u>
Other support and revenue:				
Auctions	-	434,049	434,049	467,528
NYS education department grants	58,471	999,242	1,057,713	1,095,483
Public Broadcasting funding	90,068	988,027	1,078,095	1,088,562
Underwriting	211,959	930,233	1,142,192	898,678
Other production revenue	-	126,684	126,684	88,838
Rent and facilities	-	226,093	226,093	201,664
Investment income	11,200	74,954	86,154	87,414
In-kind, trade and miscellaneous	21,285	681,831	703,116	569,742
	<u>392,983</u>	<u>4,461,113</u>	<u>4,854,096</u>	<u>4,497,909</u>
Total contributions, other support and revenue	<u>666,297</u>	<u>6,485,570</u>	<u>7,151,867</u>	<u>6,667,110</u>
Program services expense:				
Programming and production	199,408	1,891,762	2,091,170	2,385,863
Broadcasting and engineering	382,079	2,556,991	2,939,070	2,584,765
Program information and promotion	23,778	159,128	182,906	136,792
Total program services expense	<u>605,265</u>	<u>4,607,881</u>	<u>5,213,146</u>	<u>5,107,420</u>
Support services expense:				
Management and general	49,734	332,833	382,567	437,823
Fund raising and membership development	66,554	445,401	511,955	748,793
Underwriting and grant solicitation	66,594	445,665	512,259	550,834
Depreciation and amortization	42,033	281,301	323,334	320,967
Total support services expense	<u>224,915</u>	<u>1,505,200</u>	<u>1,730,115</u>	<u>2,058,417</u>
Total expenses	<u>830,180</u>	<u>6,113,081</u>	<u>6,943,261</u>	<u>7,165,837</u>
Net operating activities	<u>\$ (163,883)</u>	<u>372,489</u>	<u>208,606</u>	<u>(498,727)</u>



**THE PUBLIC BROADCASTING COUNCIL  
OF CENTRAL NEW YORK, INC.  
(A Non-Profit New York Corporation)  
AND AFFILIATE**

Statement of Activities and Changes in Net Assets by Broadcast Entity (WCNY), Continued

For the year ended June 30, 2018  
(with comparative totals as of June 30, 2017)

	<u>FM</u>	<u>TV</u>	<u>Total 2018</u>	<u>Total 2017</u>
Non-operating activities:				
Contributions and grants for capital purchases	-	15,755	15,755	32,250
Change in investment in Centralcast, LLC	-	11,134	11,134	(26,215)
Net assets released from restrictions - capital	-	34,351	34,351	73,296
Other non-operating revenue	123,521	-	123,521	-
	<u>123,521</u>	<u>61,240</u>	<u>184,761</u>	<u>79,331</u>
Total non-operating activities				
	<u>123,521</u>	<u>61,240</u>	<u>184,761</u>	<u>79,331</u>
Increase (decrease) in unrestricted net assets	<u>(40,362)</u>	<u>433,729</u>	<u>393,367</u>	<u>(419,396)</u>
Temporarily restricted net assets:				
Restricted contributions - membership/education	2,723	44,575	47,298	29,070
Restricted contributions - capital	-	-	-	10,000
Loss on restricted contributions for capital purposes	-	-	-	(40,000)
Restricted contribution - Enterprise America	-	33,333	33,333	-
Net assets released from restrictions - membership/education	(3,779)	(50,291)	(54,070)	(74,582)
Net assets released from restrictions - capital	-	(34,351)	(34,351)	(73,296)
	<u>(1,056)</u>	<u>(6,734)</u>	<u>(7,790)</u>	<u>(148,808)</u>
Decrease in temporarily restricted net assets				
	<u>(1,056)</u>	<u>(6,734)</u>	<u>(7,790)</u>	<u>(148,808)</u>
Increase (decrease) in net assets	(41,418)	426,995	385,577	(568,204)
Net assets at beginning of year	<u>2,208,025</u>	<u>12,512,139</u>	<u>14,720,164</u>	<u>15,288,368</u>
Net assets at end of year	<u>\$ 2,166,607</u>	<u>12,939,134</u>	<u>15,105,741</u>	<u>14,720,164</u>

See accompanying independent auditor's report.