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, 2023 and 2022

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

Index

FustCharles

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2023 and 2022, 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.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Public Broadcasting Council of Central New York, Inc. and Affiliate, as of June 30, 2023 and 2022, and the consolidated statements of activities and changes in its net assets and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Public Broadcasting Council of Central New York, Inc. and Affiliate and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As more fully described in note 1(c) to the consolidated financial statements, The Public Broadcasting Council of Central New York, Inc. and Affiliate changed the manner in which it accounts for leases in 2023. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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, and for 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.

(Continued)

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Responsibilities of Management for the Financial Statements, Continued

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Public Broadcasting Council of Central New York, Inc. and Affiliate's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

(Continued)

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Auditor's Responsibilities for the Audit of the Financial Statements, Continued

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

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 the statement of activities and changes in net assets by broadcast entity (Schedule 1) is presented for purposes of additional analysis and 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 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 supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

FustCharles LLP

February 12, 2024

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

Consolidated Statements of Financial Position

June 30, 2023 and 2022

Assets		2023	2022
Cash and cash equivalents	$	1,082,519	1,276,799
Accounts receivable - underwriting, net of allowance of approximately $60,000 in 2023 and $57,000 in 2022		255,684	216,477
Pledges receivable, net		-	6,000
Due from affiliate		-	3,210
Other receivables		61,690	67,110
Prepaid broadcasting rights		17,960	3,480
Assets limited as to use		225,066	215,952
Investment in Centralcast, LLC		688,199	776,378
Broadcast facilities and equipment, net		13,855,073	14,103,691
Operating lease right-of-use assets		728,850	-
Prepaid tower lease		-	45,000
Other assets		175,803	763,882
	$	17,090,844	17,477,979
Liabilities and Net Assets			
Long-term debt obligations		1,643,503	2,388,868
Operating lease liabilities		736,330	-
Accounts payable		274,581	367,933
Accrued and other expenses		459,626	249,068
Deferred revenue		479,260	266,757
Deferred compensation obligation		62,065	75,397
Total liabilities		3,655,365	3,348,023
Net assets:			
Without donor restrictions		13,435,479	14,087,290
With donor restrictions		-	42,666
Total net assets		13,435,479	14,129,956
	$	17,090,844	17,477,979

Commitments and contingencies (notes 8 and 10)

See accompanying notes to the consolidated financial statements.

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

Consolidated Statements of Activities and Changes in Net Assets

Years ended June 30, 2023 and 2022

	2023	2022
Revenues without donor restrictions:		
Contributions:		
Membership	$ 2,130,194	2,081,275
Donations, grants, events and sales	272,630	271,906
Net assets released from restrictions - membership/ education	16,666	29,167
	2,419,490	2,382,348
Other support and revenue:		
Auctions	242,024	225,844
NYS education department grants	1,368,507	1,059,600
Public Broadcasting funding	1,231,876	1,173,244
Underwriting	956,505	724,746
Other production revenue	227,340	11,325
Rent and facilities	252,278	242,413
Streaming services	93,540	99,000
Investment income	56,508	16,286
Contributions of nonfinancial assets	5,510	7,580
Trade and miscellaneous	237,849	299,968
	4,671,937	3,860,006
Total contributions, other support and revenue without donor restrictions	7,091,427	6,242,354
Expenses:		
Salaries, wages and commissions	2,835,263	2,409,970
Payroll taxes and employee benefits	559,266	558,596
Contracted services, freelance and fees	778,490	982,669
Production and programming	1,075,533	1,114,129
Printing and advertising	333,403	306,834
Building and equipment repairs and maintenance	212,834	237,800
Leased property	125,263	120,530
Utilities	259,315	193,345
Interest and other fees	87,866	123,231
Supplies and other expenses	653,609	540,797
Expenses before depreciation and tower lease expense	6,920,842	6,587,901
Net operating activities before depreciation and tower lease expense	170,585	(345,547)
Depreciation	747,842	794,671
Tower lease expense	45,000	60,000
Total expenses	7,713,684	7,442,572
Net operating activities	(622,257)	(1,200,218)

(Continued)

THE PUBLIC BROADCASTING COUNCIL
OF CENTRAL NEW YORK, INC.
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Consolidated Statements of Activities and Changes in Net Assets, Continued

	2023	2022
Non-operating activities:		
Paycheck Protection Program loan forgiveness	-	518,007
Contributions and grants for capital purchases	101,000	46,000
Change in investment in Centralcast, LLC	(88,179)	70,462
Net assets released from restrictions - capital	26,000	42,620
Other non-operating activities, net	(68,375)	(171,377)
Total non-operating activities	(29,554)	505,712
Decrease in net assets without donor restrictions	(651,811)	(694,506)
Net assets with donor restrictions:		
Restricted contributions - capital	-	20,000
Net assets released from restrictions - membership/education	(16,666)	(29,167)
Net assets released from restrictions - capital	(26,000)	(42,620)
Decrease in net assets with donor restrictions	(42,666)	(51,787)
Decrease in net assets	(694,477)	(746,293)
Net assets at beginning of year	14,129,956	14,876,249
Net assets at end of year	$ 13,435,479	14,129,956

See accompanying notes to the consolidated financial statements.

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

Consolidated Statements of Cash Flows

Years ended June 30, 2023 and 2022

	2023	2022
Reconciliation of change in net assets to net cash from operating activities:		
Change in net assets	$ (694,477)	(746,293)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	747,842	794,671
Amortization of debt issuance costs	2,118	8,623
Lease amortization	45,000	60,000
Non-cash lease expense	7,480	-
Provision for bad debts	54,000	9,767
Change in value of insurance policy	161,865	95,253
Forgiveness of Paycheck Protection Program loan	-	(518,007)
Restricted contributions for capital purposes	(101,000)	(66,000)
Change in investment in Centralcast, LLC	88,179	(70,462)
Changes in operating assets and liabilities:		
Accounts receivable - underwriting	(93,207)	70,157
Prepaid broadcasting rights	(14,480)	21,736
Other receivables	5,420	8,936
Other assets	(22,136)	28,174
Accounts payable	(114,125)	(160,846)
Accrued and other expenses	210,558	(290,764)
Due from/to affiliate	3,210	(2,072)
Deferred compensation obligation	(13,332)	(46,065)
Deferred revenue	212,503	7,135
Net cash provided by (used in) operating activities	485,418	(796,057)
Cash flows from investing activities:		
Withdrawal from insurance policy	448,350	-
Increase in assets limited as to use, net	(9,114)	(65,686)
Purchases of broadcast facilities and equipment	(478,451)	(488,316)
Net cash used in investing activities	(39,215)	(554,002)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt obligations	-	240,300
Payments on long-term debt obligations	(747,483)	(79,969)
Proceeds from restricted contributions for capital purposes	107,000	97,213
Net cash provided by (used in) financing activities	(640,483)	257,544
Net decrease in cash and cash equivalents	(194,280)	(1,092,515)
Cash and cash equivalents at beginning of year	1,276,799	2,369,314
Cash and cash equivalents at end of year	$ 1,082,519	1,276,799
Supplemental disclosures of cash flow information:		
Equipment purchases financed with accounts payable	$ 32,275	11,502
Cash paid for interest	80,156	120,974

See accompanying notes to the consolidated financial statements.

(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. The Foundation Board currently consists of a subset of the WCNY Board.

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. Effective February 28, 2022, an agreement was executed whereby JMC ceased operations and the operating activities and master control functions of JMC were assumed by Centralcast, LLC (note 3). The members of the JMC Board of Directors were also members of the WCNY Board of Directors through the transaction date.

(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). All significant intercompany accounts and transactions have been eliminated in consolidation. The activities of JMC are not material to the Council, and therefore, have not been included within the accompanying consolidated financial statements.

(1) Summary of Significant Accounting Policies, Continued

(c) New Accounting Guidance

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. Under the ASU and associated amendments, lessees are required to recognize the following for all leases (with the exception of leases with a term of twelve months or less) at the commencement date: (a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (b) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Leases are classified as either operating or finance. Operating leases result in straight-line expense in the statement of activities (similar to previous operating leases), while finance leases result in more expense being recognized in the earlier years of the lease term (similar to previous capital leases). The Council adopted the ASU on July 1, 2022 using a modified retrospective approach. The Council elected the transition method that allows for application of the standard at the adoption date rather than at the beginning of the earliest comparative period presented in the consolidated financial statements. The Council also elected available practical expedients. Upon adoption, the Council recognized $421,927 in operating lease right-of-use assets and corresponding operating lease liabilities in the consolidated statement of financial position.

(d) 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.

(e) 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.

(1) Summary of Significant Accounting Policies, Continued

(f) 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 of life insurance (included in other assets) represents the value the Council would receive upon surrender of the policy (subject to a guaranteed beneficiary payment) as of June 30, 2023 and 2022. Beneficial interest in funds held by others is classified as Level 3.

(g) Assets Limited as to Use

Assets limited as to use primarily consist of cash and cash equivalents which represents board-designated funds. Board-designated funds represent amounts that have been internally designated and may be utilized at the discretion of the Council's Board of Directors for operations or capital purchases. Board-designated funds amounted to $154,463 and $150,552 at June 30, 2023 and 2022, respectively.

(1) Summary of Significant Accounting Policies, Continued

(g) Assets Limited as to Use, Continued

During fiscal year 2022, the Council transferred $75,000 to the Central New York Community Foundation, Inc. (CNYCF) to establish a WCNY Sustainability Fund. The CNYCF manages and invests the fund and retains variance power with respect to the fund. The Council is the beneficiary of the fund and distributions from the fund are in accordance with the spending policy established by the Board of Directors of the CNYCF. CNYCF has the right to make distributions to another not-for-profit entity of its choice if the Council ceases to exist or if CNYCF's Board of Directors determines that the purposes for which the fund was created become (a) unnecessary, (b) incapable of fulfillment or (c) inconsistent with the charitable needs of the community served by CNYCF. Amounts transferred from the Council to the funds held by CNYCF are recorded as assets, at fair value, on the books of the Council even though CNYCF retains variance power, as the Council named itself as the beneficiary of the amounts transferred. Income or loss generated from the fund is credited or charged to the fund and recorded within other non-operating activities, net in the consolidated statements of activities and changes in net assets. At June 30, 2023 and 2022, the Council's beneficial interest in assets held by others is $70,603 and $65,400, respectively.

(h) 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.

(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.

(1) Summary of Significant Accounting Policies, Continued

(j) Deferred Financing Costs

Deferred financing costs relate to costs incurred in connection with obtaining long-term financing arrangements. Costs are principally being amortized over the term of the related obligations using a method approximating the effective interest method.

Amortization of approximately $2,000 and $9,000 was charged to operations in 2023 and 2022, respectively, and is included in interest expense within the consolidated statements of activities and changes in net assets. Accumulated amortization was approximately $27,000 and $25,000 at June 30, 2023 and 2022, 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, 2023 and 2022.

(l) Leases

The Council evaluates whether a contract is or contains a lease at the inception of the contract. Lease agreements are evaluated to determine whether they are operating or finance leases in accordance with Accounting Standards Codification (ASC) 842, *Leases*. Upon lease commencement, the Council classifies the lease as either an operating or finance lease. As permitted under the transition guidance in ASC 842, the Council elected a package of practical expedients which, among other provisions, allowed the Council to carry forward historical lease classifications. As a practical expedient, the Council has made an accounting policy election for all asset classes not to separate lease components from nonlease components in the event that the agreement contains both. Additionally, the Council elected the package of practical expedients which allowed an entity not to reassess whether any expired or existing contracts are or contain leases, the lease classification for any expired or existing leases, and initial direct costs for any existing leases.

(1) Summary of Significant Accounting Policies, Continued

(l) Leases, Continued

Under ASC 842 transition guidance, the Council elected the hindsight practical expedient to determine the lease term for existing leases, which permits companies to consider available information prior to the effective date of the new guidance as to the actual or likely exercise of options to extend or terminate the lease.

For both operating and finance leases, the Council recognizes a right-of-use asset and lease liability at lease commencement. A right-of-use asset represents the Council's right to use an underlying asset for the lease term while the lease liability represents an obligation to make lease payments arising from a lease which are measured on a discounted basis. The Council elects not to apply the requirements to short-term leases (i.e., a lease term of 12 months or less at the commencement date). Lease payments for short-term leases are charged to expense in the consolidated statements of activities and changes in net assets on a straight-line basis over the period of the lease as a practical expedient.

Lease liabilities are measured at the present value of the remaining, fixed lease payments at lease commencement. For lease agreements that do not specify an implicit rate, the Council uses the estimated risk free borrowing rate which coincides with the lease term at the commencement of a lease, in determining the present value of its remaining lease payments. The lease liability is subsequently increased by the amount of interest expense recognized on the lease liability and reduced by the lease payments made. Lease liabilities are remeasured when the future lease payments are changed due to the following:

- Changes in amounts expected to be payable by the lessee under residual value guarantees
- Changes in the assessment of whether a purchase option or an option to renew is reasonably certain to be exercised, or
- Changes in the assessment of whether it is reasonably certain that an option to terminate the lease will not be exercised.

Right-of-use assets are measured at an amount equal to the initial lease liability, plus any prepaid lease payments (less any incentives received) and initial direct costs, at the lease commencement date.

(1) Summary of Significant Accounting Policies, Continued

(l) Leases, Continued

For leases classified as operating leases, rent expense is recognized on a straight-line basis over the lease term. Operating lease right-of-use assets and liabilities are subsequently measured based on the present value of lease payments over the remaining lease term. The straight-line rent expense is reflective of the interest expense on the lease liability using the effective interest method and the amortization of the right-of-use asset. For leases classified as finance leases, interest expense on the lease liability is recognized using the effective interest method. Amortization expense related to the right-of-use asset is recognized on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

(m) Classification of Net Assets

Net assets without donor restrictions are not subject to donor-imposed restrictions and are generally expendable for operations. Net assets without donor restrictions may be used at the discretion of the Council's management and Board of Directors and may be subject to self-imposed limits and board designations by action of the Board of Directors. Board-designated net assets may be earmarked for future programs, initiatives and investments, contingencies, purchases or other uses. Board-designated amounts are considered non-expendable for operations without the approval of the Board of Directors. Net assets with donor restrictions are those that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature and are limited by donors to a specific time period or purpose. Other donor restrictions may be perpetual in nature, as stipulated by the donor.

(1) Summary of Significant Accounting Policies, Continued

(n) Contributions and Other Support and Revenue

Contributions are generally available for unrestricted use in the year received unless specified by the donor. Unconditional promises to give cash and other assets to the Council are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the conditions are removed. Gifts and grants are reported as net assets with donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions (used for operations or for capital purchases). Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as contributions without donor restrictions. These revenues are generally considered non-reciprocal transactions and are recognized as revenue when qualifying reimbursable expenses have been incurred and conditions under the agreements have been met. Amounts received prior to services being performed are recorded as deferred revenue.

The Council records membership contributions as revenue when donors' commitments are received, or any conditions have been satisfied.

The Council recognizes all other revenue in accordance with FASB Topic 606 when it satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration the Council expects to receive in exchange for satisfying distinct performance obligations. Amounts received in advance of services performed, but not yet earned, are recorded as deferred revenue.

Program and production underwriting revenue consists of sales of advertising services to businesses and organizations in cash or trade for other goods and services. The Council enters into contracts for underwriting services at established rates. Revenue for underwriting contracts are recognized at the point in time that the performance obligations are met. Unearned revenue relating to the portion of underwriting revenue pertaining to the following fiscal year is reported as deferred underwriting revenue in the consolidated statements of financial position.

(1) Summary of Significant Accounting Policies, Continued

(n) Contributions and Other Support and Revenue, Continued

Revenue from streaming services is based on a fixed contract price and billed based on the contract provisions. Revenue from streaming services is recognized ratably over the contract period as services are provided and performance obligations are met.

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 revenues without donor restriction in the accompanying consolidated statements of activities and changes in net assets.

(o) Contributions of Nonfinancial Assets

Contributions of nonfinancial assets 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 personnel 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. During 2023 and 2022, contributions of nonfinancial assets recognized within the consolidated statements of activities and changes in net assets primarily consist of advertising and tickets received by the Council. The Council estimated the fair value of contributed advertising based on the contribution portion of the total value received and the fair value of the tickets received based on the actual cost of the tickets.

(p) Cash Surrender Value of Insurance Policy

The cash surrender value of insurance policy is included in other assets and is stated in the consolidated financial statements at fair market value less a guaranteed payment to a beneficiary per the agreement. Annual increases (decreases) in value are reflected in the consolidated statements of activities and changes in net assets.

(1) Summary of Significant Accounting Policies, Continued

(q) Production and Advertising Costs

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. 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, 2023 and 2022, 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 2020 through 2023.

(s) Reclassifications

Certain amounts in the 2022 consolidated financial statements have been reclassified to conform to the 2023 presentation.

(2) Liquidity and Availability of Financial Assets

As of June 30, financial assets available within one year for general expenditure are as follows:

		2023	2022
Cash and cash equivalents	$	1,082,519	1,276,799
Accounts receivable and other receivables		317,374	283,587
Total	$	1,399,893	1,560,386

(2) Liquidity and Availability of Financial Assets, Continued

As part of the Council's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In the event of an unanticipated liquidity need, the Council could draw upon any unused portion of its lines-of-credit, which could provide funding aggregating up to $600,000 (note 5). Additionally at June 30, 2023 and 2022, there are $154,463 and $150,552 of board-designated funds set aside for future use, respectively. The Council does not intend to spend these funds on current operations; however the amounts could be made available upon approval of the Board.

(3) 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 of March 1, 2022, the Company also operates the master control previously operated by JMC for its members as well as other public radio and television broadcasting systems nationwide. 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, 2023 and 2022. The Company rents building space from the Council under a noncancellable operating lease agreement expiring June 2027. In 2022, the Council also executed a separate agreement with the Company to provide ongoing administrative support services to the Company through June 2027.

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

	2023	2022
Total assets	$ 16,918,547	9,105,563
Total liabilities	12,039,034	3,604,520
Total net assets without donor restrictions	4,879,513	5,501,043
Total revenue and other support	4,084,164	3,841,357
Increase (decrease) in net assets without donor restrictions	(621,530)	494,978

(4) Broadcast Facilities and Equipment

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

	2023	2022
Land	$ 791,159	791,159
Building and improvements	15,905,168	15,656,789
Antenna, tower and transmitter	4,662,569	4,611,494
Translators	254,405	254,405
Studio equipment (TV)	4,429,828	4,280,817
Office furniture and fixtures	1,043,433	1,043,433
Computer hardware/software	1,294,133	1,283,024
Studio equipment (FM)	670,606	618,259
Projects in progress	-	12,697
	29,051,301	28,552,077
Less accumulated depreciation	(15,196,228)	(14,448,386)
	$ 13,855,073	14,103,691

Depreciation expense approximated $748,000 and $795,000 for the years ended June 30, 2023 and 2022, respectively.

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.

(5) Lines of Credit

WCNY maintains two lines of credit for borrowings up to $600,000 in total. In September 2022, the Council restructured their existing mortgage note payable (note 6), resulting in the Council's existing line of credit with a bank for $600,000 being reduced to $300,000 with interest at the prime rate (8.25% at June 30, 2023). There were no other changes to the terms of the existing line of credit other than the reduction of available borrowings. In addition, a second line of credit was established and available to the Council amounting to $300,000, which bears interest at the applicable prime rate plus 0.50%. The lines of credit are due on demand and are subject to periodic review at the financial institution's discretion. At June 30, 2023 and 2022, there were no borrowings outstanding on the lines of credit. Amounts available under the lines of credit are collateralized by substantially all of the Council's assets. The agreements contain certain financial covenants with which the Council has agreed to comply. The Council was in compliance with the financial covenants at June 30, 2023 and 2022.

(Continued)

(6) Long-Term Debt Obligations

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

	2023	2022
Mortgage note payable to a bank in monthly payments, including interest at 5.00% through September 2027. The interest rate adjusts every five years thereafter to a rate equal to the Federal Home Loan Bank of New York five-year advance rate plus 3.50%, not to fall below 5.00%, maturing in 2039. The mortgage loan agreement contains certain financial covenants with which the Council has agreed to comply and is collateralized by substantially all the Council's assets. The Council was in compliance with the financial covenants at June 30, 2023 and 2022. (a)	$ 1,415,456	2,162,939
Note payable to bank, due in monthly installments of $1,079 including interest at 2.75% beginning October 2024 through April 2052. Interest has accrued from inception and will continue to accrue through October 2024, at which point interest-only payments will be made until all accrued interest has been extinguished. The note is an Economic Injury Disaster Loan (EIDL) entered into by the Council. The note is secured by substantially all of the Council's assets.	240,300	240,300
Less unamortized debt issuance costs	(12,253)	(14,371)
	$ 1,643,503	2,388,868

(6) Long-Term Debt Obligations, Continued

Annual required principal payments are as follows:

2024	$	59,663
2025		62,952
2026		66,219
2027		71,122
2028		79,574
Thereafter		1,316,226
	$	1,655,756

(a) In September 2022, the Council restructured their existing mortgage note payable. The current principal balance of the mortgage note payable at the transaction date was $1,753,778. The restructuring resulted in the establishment of two separate notes payable (Note A and Note B). Note A amounted to $1,453,778 and Note B amounted to $300,000. The Council used proceeds from their EIDL loan as well as draws from the cash surrender value of their insurance policy to reduce the original mortgage note payable prior to the transaction date and Note B was paid in full as of the transaction date. As a result of these payments, the Council reduced their total mortgage note payable balance by approximately $689,000 as of the transaction date.

(7) Paycheck Protection Program Loan

During 2020, the Paycheck Protection Program ("PPP"), established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provided for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable so long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels.

During 2021, the Council applied for and received loan proceeds in the amount of $518,007 under the PPP. The Council utilized the proceeds for eligible expenditures in accordance with the terms of the agreement. The Council submitted its forgiveness application and subsequently received approval for loan forgiveness in full from its financial institution and the SBA in October 2021. As of the forgiveness date, the Council reduced the liability and recognized the corresponding revenue for the loan amount.

(7) Paycheck Protection Program Loan, Continued

Revenue of $518,007 related to loan forgiveness was recognized within non-operating activities on the consolidated statements of activities and changes in net assets for the year ended June 30, 2022. The Council did not apply for or receive any additional loan proceeds under the PPP during the year ended June 30, 2023.

(8) Leases

WCNY rents tower space and building space to various companies under noncancellable operating leases through 2027. Minimum future rental income is approximately as follows:

	Other	Related party
2024	$ 57,000	174,000
2025	32,000	180,000
2026	30,000	185,000
2027	30,000	190,000

Rental income earned on operating leases approximated $226,000 and $220,000 for 2023 and 2022, respectively.

WCNY has various operating leases for radio tower space with noncancellable terms expiring at various dates. The leases may have one or more renewal options, with terms to be determined at the time of renewal. The exercise of such lease renewal options is at the sole discretion of WCNY.

Operating lease cost for noncancellable lease arrangements was approximately $120,000 for the year ended June 30, 2023, and is included in lease property in the consolidated statements of activities and changes in net assets.

Prior to the adoption of the new lease standard, operating lease expense for noncancellable lease arrangements was approximately $119,000 for the year ended June 30, 2022.

(8) Leases, Continued

The weighted average remaining lease term and discount rate for WCNY's operating leases were 5.11 years and 3.22%, respectively, as of or for the year ended June 30, 2023.

Cash paid for amounts included in the measurement of operating lease liabilities for the year ended June 30, 2023 was $112,510.

Right-of-use assets obtained in exchange for new operating lease obligations for the year ended June 30, 2023 were $412,224.

As of June 30, 2023, future minimum lease payments under the operating leases are as follows:

2024	$ 184,216
2025	188,623
2026	193,241
2027	106,611
2028	84,609
Thereafter	35,773
Total minimum lease payments	793,073
Less imputed interest	(56,743)
Total lease liability	$ 736,330

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 was being amortized on a straight-line basis over 20 years and became fully amortized in 2023.

(9) Net Assets with Donor Restrictions

Net assets with donor restrictions were available for the following purposes at June 30, 2022:

Capital	$	26,000
Enterprise America		16,666
	$	42,666

(10) Commitments and Contingencies

Purchase commitments outstanding of approximately $785,000 and $800,000 at June 30, 2023 and 2022, 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.

(11) 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. Total pension expense charged to operations relating to these plans was approximately $33,000 and $30,000 for 2023 and 2022, respectively.

WCNY maintains a retirement agreement with a former president and chief executive officer, under a deferred compensation plan. Upon the officer's retirement, WCNY began making monthly payments of $4,583 for life with right of survivorship (20 years certain through 2023). WCNY continues to make monthly payments of $4,583 to the officer and has recorded a liability based upon the present value of the estimated payments.

(12) Functional Expenses

The Council primarily operates a non-commercial public television station, a non-commercial public FM radio station and a supporting Foundation. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management either in accordance with program requirements or by another equitable basis. Program services below include underwriting and grant solicitation. Expenses related to providing these services are as follows at June 30:

	2023			
	Program services	Administrative	Fundraising	Total
Salaries, wages and commissions	$ 1,988,169	684,192	162,902	2,835,263
Payroll taxes and employee benefits	386,061	130,981	42,224	559,266
Contracted services, freelance and professional fees	217,566	77,847	483,077	778,490
Production costs	1,075,429	-	104	1,075,533
Printing, advertising and mailing	274,679	14,653	44,071	333,403
Building and equipment repairs and maintenance	170,671	42,163	-	212,834
Leased property	125,263	-	-	125,263
Utilities	246,099	13,216	-	259,315
Interest and other fees	86,672	1,194	-	87,866
Supplies and other expense	445,674	88,539	119,396	653,609
Depreciation	673,058	74,784	-	747,842
Tower lease expense	45,000	-	-	45,000
Total expenses	$ 5,734,341	1,127,569	851,774	7,713,684

(12) Functional Expenses, Continued

	2022			
	Program services	Administrative	Fundraising	Total
Salaries, wages and commissions	$ 1,809,566	412,939	187,465	2,409,970
Payroll taxes and employee benefits	381,673	130,553	46,370	558,596
Contracted services, freelance and professional fees	473,386	63,593	445,690	982,669
Production costs	1,114,129	-	-	1,114,129
Printing, advertising and mailing	263,975	7,504	35,355	306,834
Building and equipment repairs and maintenance	199,677	38,123	-	237,800
Leased property	120,530	-	-	120,530
Utilities	180,968	12,377	-	193,345
Interest and other fees	122,091	1,140	-	123,231
Supplies and other expense	393,400	75,150	72,247	540,797
Depreciation	715,204	79,467	-	794,671
Tower lease expense	60,000	-	-	60,000
Total expenses	$ 5,834,599	820,846	787,127	7,442,572

The consolidated financial statements report certain categories of expenses that are attributable to more than one functional expense category. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and amortization on a basis of space and moveable equipment utilized, as well as employee benefits which are allocated based on salary expense.

(13) Subsequent Events

Subsequent events have been evaluated through February 12, 2024, which is the date the consolidated financial statements were available to be issued.

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

For the year ended June 30, 2023

	FM	TV	Total 2023
Revenues without donor restrictions:			
Contributions:			
Membership	$ 319,529	1,810,665	2,130,194
Donations, grants, events and sales	13,412	259,218	272,630
Net assets released from restrictions - membership/education	-	16,666	16,666
	332,941	2,086,549	2,419,490
Other support and revenue:			
Auctions	-	242,024	242,024
NYS education department grants	68,347	1,300,160	1,368,507
Public Broadcasting funding	76,553	1,155,323	1,231,876
Underwriting	153,689	802,816	956,505
Other production revenue	-	227,340	227,340
Rent and facilities	-	252,278	252,278
Streaming services	-	93,540	93,540
Investment income	-	56,508	56,508
Contributions of nonfinancial assets	-	5,510	5,510
Trade and miscellaneous	58,717	179,132	237,849
	357,306	4,314,631	4,671,937
Total contributions, other support and revenue without donor restrictions	690,247	6,401,180	7,091,427
Program services expense:			
Programming and production	373,438	1,752,609	2,126,047
Broadcasting and engineering	331,726	1,879,782	2,211,508
Program information and promotion	37,152	210,526	247,678
Total program services expense	742,316	3,842,917	4,585,233
Support services expense:			
Management and general	157,918	894,867	1,052,785
Fundraising and membership development	127,766	724,008	851,774
Underwriting and grant solicitation	64,658	366,392	431,050
Depreciation and amortization	118,926	673,916	792,842
Total support services expense	469,268	2,659,183	3,128,451
Total expenses	1,211,584	6,502,100	7,713,684
Net operating activities	$ (521,337)	(100,920)	(622,257)

(Continued)

**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, Continued

	FM	TV	Total 2023
Non-operating activities:			
Contributions and grants for capital purchases	-	101,000	101,000
Change in investment in Centralcast, LLC	-	(88,179)	(88,179)
Net assets released from restrictions - capital	-	26,000	26,000
Other non-operating activities, net	-	(68,375)	(68,375)
Total non-operating activities	-	(29,554)	(29,554)
Decrease in net assets without donor restrictions	(521,337)	(130,474)	(651,811)
Net assets with donor restrictions:			
Net assets released from restrictions - membership/education	-	(16,666)	(16,666)
Net assets released from restrictions - capital	-	(26,000)	(26,000)
Decrease in net assets with donor restrictions	-	(42,666)	(42,666)
Decrease in net assets	(521,337)	(173,140)	(694,477)
Net assets at beginning of year	1,258,130	12,871,826	14,129,956
Net assets at end of year	$ 736,793	12,698,686	13,435,479

See accompanying independent auditor's report.