

**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, 2024 and 2023

**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:

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, 2024 and 2023, 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, 2024 and 2023, 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.

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.

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.

(Continued)

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 judgement made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 judgement, 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.

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.



February 13, 2025

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

Consolidated Statements of Financial Position

June 30, 2024 and 2023

<u>Assets</u>	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 210,978	1,082,519
Accounts receivable - underwriting, net	301,691	255,684
Other receivables	700,500	61,690
Prepaid broadcasting rights	11,182	17,960
Assets limited as to use	236,866	225,066
Investment in Centralcast, LLC	482,657	688,199
Broadcast facilities and equipment, net	13,365,379	13,855,073
Operating lease right-of-use assets	562,683	728,850
Other assets	168,649	175,803
	<u>\$ 16,040,585</u>	<u>17,090,844</u>
<u>Liabilities and Net Assets</u>		
Long-term debt obligations	1,590,348	1,643,503
Operating lease liabilities	573,439	736,330
Accounts payable	310,035	274,581
Accrued and other expenses	474,358	459,626
Deferred revenue	216,835	479,260
Deferred compensation obligation	63,459	62,065
	<u>3,228,474</u>	<u>3,655,365</u>
Total liabilities		
Net assets:		
Without donor restrictions	<u>12,812,111</u>	<u>13,435,479</u>
Total net assets	<u>12,812,111</u>	<u>13,435,479</u>
	<u>\$ 16,040,585</u>	<u>17,090,844</u>

Commitments and contingencies (notes 7 and 8)

See accompanying notes to the consolidated financial statements.

**THE PUBLIC BROADCASTING COUNCIL
OF CENTRAL NEW YORK, INC.
(A Non-Profit New York Corporation)
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Consolidated Statements of Activities and Changes in Net Assets

Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Revenues without donor restrictions:		
Contributions:		
Membership	\$ 2,128,948	2,130,194
Donations, grants, events and sales	1,026,272	272,630
Net assets released from restrictions - membership/ education	-	16,666
	<u>3,155,220</u>	<u>2,419,490</u>
Other support and revenue:		
Auctions	214,165	242,024
NYS education department grants	1,336,305	1,368,507
Public Broadcasting funding	1,267,118	1,231,876
Underwriting	985,502	956,505
Other production revenue	15,616	227,340
Rent and facilities	231,404	252,278
Streaming services	99,225	93,540
Investment income	46,913	56,508
Contributions of nonfinancial assets	7,749	5,510
Trade and miscellaneous	227,307	237,849
	<u>4,431,304</u>	<u>4,671,937</u>
Total contributions, other support and revenue without donor restrictions	<u>7,586,524</u>	<u>7,091,427</u>
Expenses:		
Salaries, wages and commissions	3,027,304	2,835,263
Payroll taxes and employee benefits	568,701	559,266
Contracted services, freelance and fees	968,889	778,490
Production and programming	1,069,099	1,075,533
Printing and advertising	296,169	333,403
Building and equipment repairs and maintenance	246,216	212,834
Leased property	187,076	125,263
Utilities	251,147	259,315
Interest and other fees	78,121	87,866
Supplies and other expenses	651,957	653,609
	<u>7,344,679</u>	<u>6,920,842</u>
Expenses before depreciation and tower lease expense	<u>7,344,679</u>	<u>6,920,842</u>
Net operating activities before depreciation and tower lease expense	241,845	170,585
Depreciation	692,658	747,842
Tower lease expense	-	45,000
	<u>8,037,337</u>	<u>7,713,684</u>
Total expenses	<u>8,037,337</u>	<u>7,713,684</u>
Net operating activities	<u>(450,813)</u>	<u>(622,257)</u>

**THE PUBLIC BROADCASTING COUNCIL
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Consolidated Statements of Activities and Changes in Net Assets, Continued

	<u>2024</u>	<u>2023</u>
Non-operating activities:		
Contributions and grants for capital purchases	84,000	101,000
Change in investment in Centralcast, LLC	(205,542)	(88,179)
Net assets released from restrictions - capital	-	26,000
Other non-operating activities, net	<u>(51,013)</u>	<u>(68,375)</u>
Total non-operating activities	<u>(172,555)</u>	<u>(29,554)</u>
Decrease in net assets without donor restrictions	<u>(623,368)</u>	<u>(651,811)</u>
Net assets with donor restrictions:		
Net assets released from restrictions - membership/education	-	(16,666)
Net assets released from restrictions - capital	<u>-</u>	<u>(26,000)</u>
Decrease in net assets with donor restrictions	<u>-</u>	<u>(42,666)</u>
Decrease in net assets	(623,368)	(694,477)
Net assets at beginning of year	<u>13,435,479</u>	<u>14,129,956</u>
Net assets at end of year	<u>\$ 12,812,111</u>	<u>13,435,479</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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Reconciliation of change in net assets to net cash from operating activities:		
Change in net assets	\$ (623,368)	(694,477)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	692,658	747,842
Amortization of debt issuance costs	6,721	2,118
Lease amortization	-	45,000
Non-cash lease expense	3,276	7,480
Provision for bad debts	29,500	54,000
Change in value of insurance policy	2,166	161,865
Restricted contributions for capital purposes	(84,000)	(101,000)
Change in investment in Centralcast, LLC	205,542	88,179
Changes in operating assets and liabilities:		
Accounts receivable - underwriting	(75,507)	(93,207)
Prepaid broadcasting rights	6,778	(14,480)
Other receivables	(638,810)	5,420
Other assets	4,988	(22,136)
Accounts payable	67,729	(114,125)
Accrued and other expenses	14,732	210,558
Due from/to affiliate	-	3,210
Deferred compensation obligation	1,394	(13,332)
Deferred revenue	(262,425)	212,503
Net cash provided by (used in) operating activities	<u>(648,626)</u>	<u>485,418</u>
Cash flows from investing activities:		
Withdrawal from insurance policy	-	448,350
Increase in assets limited as to use, net	(11,800)	(9,114)
Purchases of broadcast facilities and equipment	(235,239)	(478,451)
Net cash used in investing activities	<u>(247,039)</u>	<u>(39,215)</u>
Cash flows from financing activities:		
Payments on long-term debt obligations	(59,876)	(747,483)
Proceeds from restricted contributions for capital purposes	84,000	107,000
Net cash provided by (used in) financing activities	<u>24,124</u>	<u>(640,483)</u>
Net decrease in cash and cash equivalents	(871,541)	(194,280)
Cash and cash equivalents at beginning of year	<u>1,082,519</u>	<u>1,276,799</u>
Cash and cash equivalents at end of year	<u>\$ 210,978</u>	<u>1,082,519</u>
Supplemental disclosures of cash flow information:		
Equipment purchases financed with accounts payable	\$ -	32,275
Cash paid for interest	73,716	80,156

See accompanying notes to the consolidated financial statements.

**THE PUBLIC BROADCASTING COUNCIL
OF CENTRAL NEW YORK, INC.
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Notes to Consolidated Financial Statements

June 30, 2024 and 2023

(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.

(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.

(c) New Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which provides guidance for accounting for credit losses on financial instruments. The ASU, including associated amendments, introduces an approach based on expected losses to estimate credit losses on certain types of financial instruments and modifies the impairment model for available-for-sale debt securities. The Council adopted the ASU on July 1, 2023 using a modified retrospective approach, and the adoption of the ASU did not have a material impact on the consolidated financial statements.

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Notes to Consolidated Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(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.

(f) Fair Value of Financial Instruments

The *Fair Value Measurement* Topic of the 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, 2024 and 2023. Beneficial interest in funds held by others is classified as Level 3.

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Notes to Consolidated Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(g) Assets Limited as to Use

Assets limited as to use 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 \$161,139 and \$154,463 at June 30, 2024 and 2023, respectively.

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, 2024 and 2023, the Council's beneficial interest in assets held by others is \$75,727 and \$70,603, respectively.

(h) Accounts Receivable

Accounts receivable consist of billed amounts owed for services performed in accordance with customer contracts. Amounts are recorded net of an allowance for expected credit losses which represents the best estimate of probable loss inherent in the Council's accounts receivable portfolio. The allowance is determined using a combination of factors including a reserve based on the aging of the outstanding accounts receivable portfolio and the Council's historical credit loss experience. In addition, the Council considers knowledge of specific customers, the current market conditions as well as reasonable and supportable forecasts of future events and economic conditions. As of June 30, 2024, the allowance for expected credit losses was \$84,669. These estimates and assumptions are reviewed periodically with the effects of change, if any, reflected in the consolidated statements of activities and changes in net assets in the period that they are determined.

**THE PUBLIC BROADCASTING COUNCIL
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Notes to Consolidated Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(h) Accounts Receivable, Continued

Prior to the adoption of ASU 2016-13, the allowance for doubtful accounts was established as losses are estimated to have occurred through a provision for doubtful accounts charged to earnings. Doubtful accounts were charged against the allowance when management believed the uncollectibility of a receivable balance is confirmed. Subsequent recoveries, if any, were credited to the allowance.

The allowance for doubtful accounts was evaluated on a regular basis by management and is based upon management's periodic review of the collectibility of the receivables in light of historical experience, the nature and volume of the receivables, adverse situations that may affect the customer's ability to repay and prevailing economic conditions. As of June 30, 2023, the allowance for doubtful accounts was \$60,399.

The following table provides a rollforward of the allowance for credit losses for the year ended June 30, 2024:

Beginning balance at July 1	\$	60,399
Provision for credit losses		29,500
Write-offs		<u>(5,230)</u>
Ending balance at June 30	\$	<u><u>84,669</u></u>

Actual collections of accounts receivable could differ from management's estimates.

(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.

(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 \$7,000 and \$2,000 was charged to operations in 2024 and 2023, respectively, and is included in interest expense within the consolidated statements of activities and changes in net assets. Accumulated amortization was approximately \$34,000 and \$27,000 at June 30, 2024 and 2023, respectively.

**THE PUBLIC BROADCASTING COUNCIL
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Notes to Consolidated Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(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, 2024 and 2023.

(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 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.

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.

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Notes to Consolidated Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(l) Leases, Continued

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.

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.

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Notes to Consolidated Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(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. As of June 30, 2024 and 2023, the Council does not have any net assets with donor restrictions.

(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.

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Notes to Consolidated Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(n) Contributions and Other Support and Revenue, Continued

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.

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.

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Notes to Consolidated Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(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 2024 and 2023, 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) 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.

(q) 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, 2024 and 2023, 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 2021 through 2024.

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(2) Liquidity and Availability of Financial Assets

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

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 210,978	1,082,519
Accounts receivable and other receivables	<u>1,002,191</u>	<u>317,374</u>
Total	<u>\$ 1,213,169</u>	<u>1,399,893</u>

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, 2024 and 2023, there are \$161,139 and \$154,463 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 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, 2024 and 2023. 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:

	<u>2024</u>	<u>2023</u>
Total assets	\$ 14,636,771	16,918,547
Total liabilities	11,225,419	12,039,034
Total net assets without donor restrictions	3,411,352	4,879,513
Total revenue and other support	4,864,088	4,084,164
Decrease in net assets without donor restrictions	(1,468,161)	(621,530)

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(4) Broadcast Facilities and Equipment

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

	<u>2024</u>	<u>2023</u>
Land	\$ 791,159	791,159
Building and improvements	15,951,675	15,905,168
Antenna, tower and transmitter	4,662,569	4,662,569
Translators	254,405	254,405
Studio equipment (TV)	4,522,161	4,429,828
Office furniture and fixtures	1,045,068	1,043,433
Computer hardware/software	1,326,714	1,294,133
Studio equipment (FM)	<u>700,517</u>	<u>670,606</u>
	29,254,268	29,051,301
Less accumulated depreciation	<u>(15,888,889)</u>	<u>(15,196,228)</u>
	<u>\$ 13,365,379</u>	<u>13,855,073</u>

Depreciation expense approximated \$693,000 and \$748,000 for the years ended June 30, 2024 and 2023, 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 (8.50% and 8.25% at June 30, 2024 and 2023, respectively). 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, 2024 and 2023, 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, 2024 and 2023.

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(6) Long-Term Debt Obligations

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

	<u>2024</u>	<u>2023</u>
Mortgage note payable to a bank in monthly payments of approximately \$10,900, including interest at 5.00% through 2039. The interest rate adjusts every five years (beginning September 2027) 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%. 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, 2024 and 2023 (a)	\$ 1,355,580	1,415,456
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	<u>(5,532)</u>	<u>(12,253)</u>
	<u>\$ 1,590,348</u>	<u>1,643,503</u>

Annual required principal payments are as follows:

2025	\$	62,952
2026		66,219
2027		71,122
2028		79,574
2029		83,524
Thereafter		<u>1,232,489</u>
	<u>\$</u>	<u>1,595,880</u>

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(6) Long-Term Debt Obligations, Continued

- (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) 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:

		<u>Other</u>	<u>Related party</u>
2025	\$	32,000	180,000
2026		30,000	185,000
2027		30,000	190,000

Rental income earned on operating leases approximated \$231,000 and \$226,000 for 2024 and 2023, 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 \$187,000 and \$120,000 for the years ended June 30, 2024 and 2023, respectively, and is included in lease property in the consolidated statements of activities and changes in net assets.

The weighted average remaining lease term and discount rate for WCNY's operating leases were 4.20 years and 3.23%, respectively, as of or for the year ended June 30, 2024. 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 years ended June 30, 2024 and 2023 were \$184,216 and \$112,510, respectively.

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(7) Leases, Continued

As of June 30, 2024, future minimum lease payments under the operating leases are as follows:

2025		\$	188,623
2026			193,241
2027			106,611
2028			84,609
2029			17,622
Thereafter			<u>18,152</u>
Total minimum lease payments			608,858
Less imputed interest			<u>(35,419)</u>
Total lease liability		\$	<u><u>573,439</u></u>

(8) Commitments and Contingencies

Purchase commitments outstanding of approximately \$859,000 and \$785,000 at June 30, 2024 and 2023, 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.

Financial awards from federal, state and local government entities in the form of grants or contracts are potentially subject to reviews or audits. Such instances could result in claims against the Council for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such reviews or audits since the amounts, if any, cannot be determined at this date. The Council believes it is in compliance with the provisions of the respective grant agreements and contracts.

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(9) 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 \$39,000 and \$33,000 for 2024 and 2023, 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. 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.

(10) 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:

	2024			
	<u>Program services</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries, wages and commissions	\$ 2,261,420	550,862	215,022	3,027,304
Payroll taxes and employee benefits	399,046	121,173	48,482	568,701
Contracted services, freelance and professional fees	246,064	275,575	447,250	968,889
Production costs	1,069,099	-	-	1,069,099
Printing, advertising and mailing	230,929	7,714	57,526	296,169
Building and equipment repairs and maintenance	170,620	74,669	927	246,216
Leased property	187,076	-	-	187,076
Utilities	241,422	9,725	-	251,147
Interest and other fees	77,405	716	-	78,121
Supplies and other expense	471,101	68,004	112,852	651,957
Depreciation	623,392	69,266	-	692,658
Total expenses	<u>\$ 5,977,574</u>	<u>1,177,704</u>	<u>882,059</u>	<u>8,037,337</u>

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(10) Functional Expenses, Continued

	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

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.

(11) Subsequent Events

Subsequent events have been evaluated through February 13, 2025, which is the date the consolidated financial statements were available to be issued.

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Statement of Activities and Changes in Net Assets by Broadcast Entity

For the year ended June 30, 2024

	<u>FM</u>	<u>TV</u>	<u>Total 2024</u>
Revenues without donor restrictions:			
Contributions:			
Membership	\$ 319,342	1,809,606	2,128,948
Donations, grants, events and sales	80,075	946,197	1,026,272
	<u>399,417</u>	<u>2,755,803</u>	<u>3,155,220</u>
Other support and revenue:			
Auctions	-	214,165	214,165
NYS education department grants	58,576	1,277,729	1,336,305
Public Broadcasting funding	84,382	1,182,736	1,267,118
Underwriting	226,630	758,872	985,502
Other production revenue	-	15,616	15,616
Rent and facilities	-	231,404	231,404
Streaming services	-	99,225	99,225
Investment income	-	46,913	46,913
Contributions of nonfinancial assets	-	7,749	7,749
Trade and miscellaneous	-	227,307	227,307
	<u>369,588</u>	<u>4,061,716</u>	<u>4,431,304</u>
Total contributions, other support and revenue without donor restrictions	<u>769,005</u>	<u>6,817,519</u>	<u>7,586,524</u>
Program services expense:			
Programming and production	421,799	1,727,878	2,149,677
Broadcasting and engineering	282,699	2,287,295	2,569,994
Program information and promotion	39,075	221,427	260,502
Total program services expense	<u>743,573</u>	<u>4,236,600</u>	<u>4,980,173</u>
Support services expense:			
Management and general	166,266	942,170	1,108,436
Fundraising and membership development	132,309	749,750	882,059
Underwriting and grant solicitation	56,102	317,909	374,011
Depreciation and amortization	103,899	588,759	692,658
Total support services expense	<u>458,576</u>	<u>2,598,588</u>	<u>3,057,164</u>
Total expenses	<u>1,202,149</u>	<u>6,835,188</u>	<u>8,037,337</u>
Net operating activities	\$ <u>(433,144)</u>	<u>(17,669)</u>	<u>(450,813)</u>

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

	<u>FM</u>	<u>TV</u>	<u>Total 2024</u>
Non-operating activities:			
Contributions and grants for capital purchases	-	84,000	84,000
Change in investment in Centralcast, LLC	-	(205,542)	(205,542)
Other non-operating activities, net	-	(51,013)	(51,013)
	<hr/>	<hr/>	<hr/>
Total non-operating activities	-	(172,555)	(172,555)
	<hr/>	<hr/>	<hr/>
Decrease in net assets without donor restrictions	(433,144)	(190,224)	(623,368)
	<hr/>	<hr/>	<hr/>
Decrease in net assets	(433,144)	(190,224)	(623,368)
	<hr/>	<hr/>	<hr/>
Net assets at beginning of year	736,793	12,698,686	13,435,479
	<hr/>	<hr/>	<hr/>
Net assets at end of year	\$ 303,649	12,508,462	12,812,111
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See accompanying independent auditor's report.