

**WSKG PUBLIC TELECOMMUNICATIONS
COUNCIL**

**FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014
AND FOR THE YEARS THEN ENDED**

WSKG PUBLIC TELECOMMUNICATIONS COUNCIL

JUNE 30, 2015 AND 2014

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
WSKG Public Telecommunications Council

Report on the Financial Statements

We have audited the accompanying statement of financial position of WSKG Public Telecommunications Council (a nonprofit New York corporation) as of June 30, 2015, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WSKG Public Telecommunications Council as of June 30, 2015, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited WSKG Public Telecommunications Council's June 30, 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 19, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Davidson, Fox + Company, LLP

Binghamton, New York
December 21, 2015

LIABILITIES AND NET ASSETS

	<u>2015</u>	<u>2014</u>
CURRENT LIABILITIES		
Line of credit	\$ 337,885	\$ 227,885
Current portion of long-term debt	58,190	97,515
Accounts payable	235,128	216,038
Accrued expenses	183,339	98,685
Deferred revenues, current portion	<u>74,310</u>	<u>83,413</u>
TOTAL CURRENT LIABILITIES	<u>888,852</u>	<u>723,536</u>
LONG-TERM LIABILITIES		
Long-term debt, net of current portion	372,204	430,609
Deferred revenues, net of current portion	7,197	75,331
Lease deposits	<u>12,469</u>	<u>12,469</u>
TOTAL LONG-TERM LIABILITIES	<u>391,870</u>	<u>518,409</u>
TOTAL LIABILITIES	<u>1,280,722</u>	<u>1,241,945</u>
NET ASSETS		
Unrestricted	2,975,910	3,669,389
Temporarily restricted	5,755	4,435
Permanently restricted	<u>42,679</u>	<u>42,679</u>
TOTAL NET ASSETS	<u>3,024,344</u>	<u>3,716,503</u>
	<u>\$ 4,305,066</u>	<u>\$ 4,958,448</u>

WSKG PUBLIC TELECOMMUNICATIONS COUNCIL

**STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

	June 30, 2015			
	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total 2015</u>
SUPPORT AND REVENUE				
Membership and contributions	\$ 1,961,033	\$ -	\$ -	\$ 1,961,033
Government grants and support	2,030,187	-	-	2,030,187
Program sponsorship	702,142	-	-	702,142
In-kind contributions	15,076	-	-	15,076
Net investment gain	500	1,320	-	1,820
Loss from Centralcast, LLC	(87,460)	-	-	(87,460)
Other	<u>470,375</u>	<u>-</u>	<u>-</u>	<u>470,375</u>
TOTAL SUPPORT AND REVENUE	<u>5,091,853</u>	<u>1,320</u>	<u>-</u>	<u>5,093,173</u>
EXPENSES				
Program services	3,603,526	-	-	3,603,526
Support services	<u>2,181,806</u>	<u>-</u>	<u>-</u>	<u>2,181,806</u>
TOTAL EXPENSES	<u>5,785,332</u>	<u>-</u>	<u>-</u>	<u>5,785,332</u>
CHANGE IN NET ASSETS	(693,479)	1,320	-	(692,159)
NET ASSETS, beginning	<u>3,669,389</u>	<u>4,435</u>	<u>42,679</u>	<u>3,716,503</u>
NET ASSETS, ending	\$ <u>2,975,910</u>	\$ <u>5,755</u>	\$ <u>42,679</u>	\$ <u>3,024,344</u>

See accompanying notes to financial statements

June 30, 2014

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2014</u>
\$ 2,101,987	\$ -	\$ 22,330	\$ 2,124,317
2,078,767	-	-	2,078,767
656,746	-	-	656,746
15,119	-	-	15,119
625	4,435	-	5,060
(71,734)	-	-	(71,734)
<u>454,720</u>	<u>-</u>	<u>-</u>	<u>454,720</u>
<u>5,236,230</u>	<u>4,435</u>	<u>22,330</u>	<u>5,262,995</u>
3,779,402	-	-	3,779,402
<u>2,150,303</u>	<u>-</u>	<u>-</u>	<u>2,150,303</u>
<u>5,929,705</u>	<u>-</u>	<u>-</u>	<u>5,929,705</u>
(693,475)	4,435	22,330	(666,710)
<u>4,362,864</u>	<u>-</u>	<u>20,349</u>	<u>4,383,213</u>
\$ <u><u>3,669,389</u></u>	\$ <u><u>4,435</u></u>	\$ <u><u>42,679</u></u>	\$ <u><u>3,716,503</u></u>

WSKG PUBLIC TELECOMMUNICATIONS COUNCIL

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE TOTALS FOR JUNE 30, 2014**

	Program Services						Support Services				2015 Total	2014 Total	
	Youth Focused	News and Public Affairs	Engineering	Arts and Culture	History and Heritage	Total Programs	Business Sponsorship and Development	Strategic Planning and Community Development	General and Administrative	Total Support			
(1) Salaries and wages	\$ 131,175	\$ 322,342	\$ 142,956	\$ 271,128	\$ 127,273	\$ 994,874	\$ 458,614	\$ 287,943	\$ 81,719	\$ 828,276	\$ 1,823,150	\$ 1,897,766	(1)
(2) Payroll taxes	9,994	23,222	10,425	19,262	9,236	72,139	33,761	18,633	6,626	59,020	131,159	135,336	(2)
(3) Employee fringe benefits	12,735	40,948	21,690	52,513	19,224	147,110	66,485	64,080	43,214	173,779	320,889	339,487	(3)
(4) Professional development	-	5,431	560	-	95	6,086	487	1,995	2,025	4,507	10,593	8,141	(4)
(5) Travel and functions	346	5,436	10,070	457	549	16,858	6,865	4,144	945	11,954	28,812	28,423	(5)
(6) Program acquisitions	-	485,037	-	496,768	-	981,805	-	-	-	-	981,805	958,948	(6)
(7) Network fees	-	6,791	40,963	25,527	-	73,281	-	-	-	-	73,281	131,709	(7)
(8) Printing	44	-	39	-	-	83	18,002	-	-	18,002	18,085	22,453	(8)
(9) Building lease	-	9,600	7,942	-	-	17,542	-	-	-	-	17,542	8,673	(9)
(10) Equipment rental and lease	-	-	223,145	-	-	223,145	-	-	-	-	223,145	213,042	(10)
(11) Repairs and maintenance	-	202	86,010	-	-	86,212	-	-	76,982	76,982	163,194	107,830	(11)
(12) Professional fees	-	6,815	20,168	12,977	-	39,960	3,240	1,255	129,784	134,279	174,239	95,314	(12)
(13) Office supplies	52	4,405	308	16	-	4,781	534	791	966	2,291	7,072	6,853	(13)
(14) Postage and shipping	124	422	417	22	-	985	52,973	138	2,050	55,161	56,146	59,205	(14)
(15) Production and supplies	40,277	2,664	120,454	15,399	9,696	188,490	648	18,164	-	18,812	207,302	212,892	(15)
(16) Tubes, heads and tapes	-	-	-	28	-	28	-	-	-	-	28	2,481	(16)
(17) Advertising	-	12,975	-	2,380	-	15,355	90,402	160	-	90,562	105,917	122,813	(17)
(18) Premiums	-	-	-	-	-	-	57,616	-	-	57,616	57,616	42,447	(18)
(19) Dues and subscriptions	199	34,382	-	-	150	34,731	3,181	1,473	10,319	14,973	49,704	32,344	(19)
(20) Special project costs	-	-	-	-	-	-	-	-	-	-	-	586	(20)
(21) Special events/planned giving	272	839	2,799	-	-	3,910	1,935	125	-	2,060	5,970	7,261	(21)
(22) Information technology	-	1,056	26,249	-	-	27,305	6	-	1,814	1,820	29,125	56,574	(22)
(23) Telemarketing	-	-	-	-	-	-	13,790	-	-	13,790	13,790	15,865	(23)
(24) Direct mail	-	-	-	-	-	-	107,181	-	-	107,181	107,181	123,393	(24)
(25) APTS/APBS Council expense	-	-	-	-	-	-	-	-	23,097	23,097	23,097	15,897	(25)
(26) Bad debt	-	-	-	-	-	-	55,634	-	-	55,634	55,634	26,725	(26)
(27) Miscellaneous	183	1,123	1,992	51	-	3,349	25,290	1,065	68,702	95,057	98,406	69,446	(27)
(28) Subtotal	195,401	963,690	716,187	896,528	166,223	2,938,029	996,644	399,966	448,243	1,844,853	4,782,882	4,741,904	(28)
(29) Insurance	1,609	7,316	6,241	34,611	1,068	50,845	19,091	1,692	3,564	24,347	75,192	99,542	(29)
(30) Interest	665	3,022	2,578	14,295	441	21,001	7,884	699	1,471	10,054	31,055	25,128	(30)
(31) Utilities	3,184	23,219	12,350	68,489	2,113	109,355	37,778	3,348	7,053	48,179	157,534	168,535	(31)
(32) Telephone	3,082	10,078	2,053	10,270	2,053	27,536	11,294	4,105	5,135	20,534	48,070	54,679	(32)
(33) In kind donations	-	-	-	-	-	-	-	-	15,076	15,076	15,076	15,119	(33)
(34) Depreciation	14,424	65,709	56,093	310,918	9,616	456,760	171,485	15,225	32,053	218,763	675,523	824,799	(34)
(35) Total functional expenses	\$ 218,365	\$ 1,073,034	\$ 795,502	\$ 1,335,111	\$ 181,514	\$ 3,603,526	\$ 1,244,176	\$ 425,035	\$ 512,595	\$ 2,181,806	\$ 5,785,332	\$ 5,929,706	(35)

See accompanying notes to financial statements

WSKG PUBLIC TELECOMMUNICATIONS COUNCIL

**STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (692,159)	\$ (666,710)
Adjustments to reconcile change in net assets to net cash provided (used) in operating activities		
Depreciation and amortization	675,523	824,799
(Gain) loss on sale of investments	(484)	22
Unrealized gain on investments	(156)	(4,203)
Loss from Centralcast, LLC	87,460	71,734
Non-cash contributions	(12,541)	(114,570)
(Increase) decrease in		
Receivables	63,778	(313,862)
Programming rights	4,798	(10,603)
Other assets	24,246	(24,631)
Increase (decrease) in		
Accounts payable	19,090	80,941
Accrued expenses	84,654	13,885
Deferred income	(77,237)	(80,335)
Lease deposits	-	(3,500)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>176,972</u>	<u>(227,033)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment and acquisitions in progress	(189,161)	(134,871)
Purchases of investments	(1,164)	(42,320)
Proceeds from sale of investments	<u>13,022</u>	<u>29,880</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(177,303)</u>	<u>(147,311)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	(97,730)	(92,327)
Borrowings on line of credit	110,000	752,255
Principal payments on line of credit	-	(524,370)
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>12,270</u>	<u>135,558</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,939	(238,786)
CASH AND CASH EQUIVALENTS, beginning	<u>164,729</u>	<u>403,515</u>
CASH AND CASH EQUIVALENTS, ending	\$ <u><u>176,668</u></u>	\$ <u><u>164,729</u></u>

See accompanying notes to financial statements

WSKG PUBLIC TELECOMMUNICATIONS COUNCIL

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

ORGANIZATION

Nature of Operations

The Council is a non-profit New York Corporation which operates a non-commercial public television station with three channels (WSKG, WSKG World, and WSKG Create) and two non-commercial public FM radio stations (WSKG) and (WSQX) in Binghamton, New York. The Council 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 generally accepted accounting principles.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Financial statement presentation follows the recommendations of generally accepted accounting principles, which require the Council to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Income and gains on investments are reported as increases in permanently restricted net assets, if the terms of the gift that gave rise to the investment require such amounts to be added to permanent endowment principal. Income and gains are reported as increases in temporarily restricted net assets if the terms of the gift impose restrictions on the use of the income and/or the income is related to a donor-restricted endowment fund, and as increases in unrestricted net assets in all other cases.

Basis of Accounting

The Council uses the accrual method of accounting, recognizing revenues as earned and expenses as incurred, and conforms to standards of accounting and reporting appropriate to not-for-profit organizations.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements. Estimates also affect the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents

The Council considers cash on hand, deposits, and securities with maturities of three months or less to be cash equivalents.

WSKG PUBLIC TELECOMMUNICATIONS COUNCIL

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Programming Rights

Programming rights represent costs incurred for programs not yet telecast. These are programs that will be aired principally in the next fiscal year. Such rights are amortized over the contract period.

Accounts and Pledges Receivable

Business sponsorship accounts and pledges receivable are stated at the amount management expects to collect from outstanding balances. Balances that are still outstanding after management has used reasonable collection efforts are written off. Based on management's evaluation of uncollected accounts and pledges receivable at the end of each year, bad debts are provided for on the allowance method.

Details of business sponsorship accounts and pledges receivable as of June 30, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Business sponsorship accounts receivable	\$ 151,377	\$ 152,326
Allowance for doubtful accounts	<u>(4,500)</u>	<u>(4,500)</u>
Business sponsorship and trade accounts receivable, net	\$ <u>146,377</u>	\$ <u>147,826</u>
Pledges receivable	\$ 213,464	\$ 157,540
Allowance for doubtful accounts	<u>(20,000)</u>	<u>(20,000)</u>
Pledges receivable, net	\$ <u>193,464</u>	\$ <u>137,540</u>

Grants Receivable and Promises to Give

As of June 30, the Council had grants receivable and promises to give from various organizations and individuals, as follows:

	<u>2015</u>	<u>2014</u>
Doris Edwards Bequest	\$ 8,325	\$ 8,325
Winslow Shearman Bequest	35,568	66,000
WXXI	12,552	-
Corporation for Public Broadcasting	55,000	44,000
New York State Department of Education	-	85,373
Klee Foundation	<u>-</u>	<u>26,000</u>
Total	\$ <u>111,445</u>	\$ <u>229,698</u>

Management considers all grants receivable and promises to give to be fully collectible.

WSKG PUBLIC TELECOMMUNICATIONS COUNCIL

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

Inventory is recorded at cost and is accounted for on a first-in, first-out (FIFO) basis. Inventory is included in other current assets on the balance sheet. As of June 30, 2015 and 2014, inventory represented \$2,489 and \$13,880 of other current assets, respectively.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Broadcasting Facilities and Equipment

Broadcasting facilities and equipment are recorded at cost. Contributed property and equipment is recorded at its fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal or retirement of assets, the cost and accumulated depreciation or amortization is eliminated from the accounts and any resulting gain or loss is included in income. Depreciation is computed on the straight-line method over the following estimated useful lives:

	<u>Years</u>
Vehicles	3 - 7
Furniture and equipment	5 - 25
Building and improvements	10 - 30

Income Tax Status

The Council is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Council's tax-exempt purpose is subject to taxation as unrelated business income. As of June 30, 2015, the Council had approximately \$52,500 in Federal and New York State net operating loss carry-forwards generated from such unrelated business activities which may be used to offset future profits.

Revenue Recognition

Support that is restricted by a donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in either temporarily restricted net assets, or permanently restricted, depending on the nature of the restriction. When a temporary restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

WSKG PUBLIC TELECOMMUNICATIONS COUNCIL

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Grant support is recorded as revenue in the year in which it is received by the organization unless the grantor specifies that it is to be used in another year or if the related costs are not yet incurred. In such case, the Council records deferred support and do not recognize income until the time or purpose restrictions are met. During the current year, the Council received grant monies to be expended for specific costs. The amounts expended are reflected in program functional expenses.

Presentation of Sales Taxes

The State of New York (NYS) and most of its counties impose a sales tax on all of the Council's sales of tangible goods to non-exempt customers. The Council collects the tax from customers and remits the entire amount to NYS. The Council's accounting policy is to exclude the tax collected and remitted to NYS from revenues and expenses.

Advertising

The Council follows the policy of expensing advertising costs as incurred. Advertising expense was \$103,377 and \$111,193 for the years ended June 30, 2015 and 2014, respectively.

Functional Allocation of Expenses

The costs of providing program services have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs benefited.

Reclassifications

Certain amounts from the June 30, 2014 financial statements have been reclassified to conform to the presentation for the current year. The change in net assets as previously reported was not impacted by this reclassification.

Subsequent Events

The Council has evaluated events and transactions that have occurred between July 1, 2015 and December 21, 2015, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

WSKG PUBLIC TELECOMMUNICATIONS COUNCIL

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

NOTE 2 - CONCENTRATIONS

Credit Risk - Cash and Cash Equivalents

The Council maintains its cash balances in various accounts at two financial institutions located in Binghamton, New York. All accounts at the institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of June 30, 2015 and 2014, the Council's had no cash accounts in excess of FDIC limits.

Revenues

Revenues from two major funding sources, New York State Department of Education and the Corporation for Public Broadcasting (CPB), comprised approximately 40% and 38% of income during each of the years ending June 30, 2015 and 2014, respectively.

NOTE 3 - INVESTMENT IN CENTRALCAST, LLC

In June 2012, the Council and seven other public broadcasting entities formed Centralcast, LLC (Centralcast) for the purposes of establishing and operating a joint master control facility. Centralcast is organized and operated under section 501(c)(3) of the Internal Revenue Code. The Council currently holds an ownership interest of 10% in Centralcast and its investment activity in Centralcast is summarized as follows for the years ended June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Investment, beginning	\$ 644,680	\$ 716,414
Allocable net loss	<u>(87,460)</u>	<u>(71,734)</u>
Investment, ending	\$ <u>557,220</u>	\$ <u>644,680</u>

Under the terms of the LLC's operating agreement, the Council is obligated to enter into a Joint Master Control (JMC) Service Level Agreement, whereby Centralcast will provide joint master control services. The Council incurred \$111,295 in expenses for these services in both of the years ended June 30, 2015 and 2014.

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

Generally accepted accounting principles establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Council uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Council measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. All investments held by the Council were classified as Level 1 investments; there were no investments valued using Level 2 and Level 3 inputs.

WSKG PUBLIC TELECOMMUNICATIONS COUNCIL

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The fair values of the mutual funds are based on quoted market prices. The unit price for these investments held by the Council are revalued and published on an actively traded market at least daily. The following summarizes the Council's investments:

	<u>Cost</u>	<u>Fair Value</u>
<u>June 30, 2015</u>		
Cash equivalents	\$ 2,298	\$ 2,298
Mutual funds:		
Bond funds	15,240	15,365
Equity index funds	<u>26,304</u>	<u>30,771</u>
Total investments	\$ <u>43,842</u>	\$ <u>48,434</u>
 <u>June 30, 2014</u>		
Cash equivalents	\$ 2,297	\$ 2,297
Mutual funds:		
Bond funds	14,941	15,156
Equity index funds	<u>25,673</u>	<u>29,661</u>
Total investments	\$ <u>42,911</u>	\$ <u>47,114</u>

Unrecognized holding gains on securities amounted to \$4,591 and \$4,203 for the years ended June 30, 2015 and 2014, respectively, and have been included in the Statements of Activities.

NOTE 5 - BROADCASTING FACILITIES AND EQUIPMENT

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

	<u>2015</u>	<u>2014</u>
Land	\$ 128,429	\$ 128,429
Building	3,485,243	3,484,718
Studio and technical equipment	5,750,467	5,750,467
Transmitter/translator equipment, antenna and tower	4,674,559	4,674,559
Public radio equipment	631,899	630,658
Satellite interconnect system	191,284	191,284
Furniture and fixtures	176,575	176,575
Data processing equipment	347,215	344,427
Vehicles	58,922	58,922
Tenant leasehold improvements	210,430	206,980
Back-up generator	<u>220,085</u>	<u>220,085</u>
Total broadcasting facilities and equipment	15,875,108	15,867,104
Less: Accumulated depreciation	<u>(13,062,226)</u>	<u>(12,386,701)</u>
Total	\$ <u>2,812,882</u>	\$ <u>3,480,403</u>

WSKG PUBLIC TELECOMMUNICATIONS COUNCIL

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 5 - BROADCASTING FACILITIES AND EQUIPMENT (Continued)

Depreciation expense amounted to \$675,523 and \$824,799 for the years ended June 30, 2015 and 2014, respectively.

NOTE 6 - LINE OF CREDIT

The Council has a \$400,000 line of credit with a bank to be drawn upon as needed, with interest set at the prime lending rate (3.25% at June 30, 2015). The balance on the line amounted to \$337,885 and \$227,885 as of June 30, 2015 and 2014, respectively.

NOTE 7 - LONG-TERM DEBT

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

	<u>2015</u>	<u>2014</u>
Mortgage payable to a bank in 120 monthly installments of \$9,165, including interest at 3.86%, with all unpaid principal due in September 2015. This mortgage is collateralized by a building and the assignment of leases. See note on refinance below.	\$ 422,905	\$ 514,635
Note payable to an automobile financing company payable in 48 monthly installments of \$282 including interest at 4.39%. This noted was paid in full during the current fiscal year.	-	3,035
Note payable to an automobile financing company payable in 48 monthly installments of \$250 including interest at 2.69%, through February 2018. This note is collateralized by a vehicle.	<u>7,489</u>	<u>10,454</u>
Total mortgage and notes payable	430,394	528,124
Less: current portion	<u>(58,190)</u>	<u>(97,515)</u>
Long-term debt	\$ <u>372,204</u>	\$ <u>430,609</u>

As noted above, the remaining principal balance on the Council's mortgage payable was due in September 2015. In September 2015, the Council refinanced the mortgage and borrowed additional money to pay off the balance outstanding on its line of credit. A total amount of \$850,000 was borrowed, which is payable in 59 principal installments of \$3,542 plus interest at 4.5%. All unpaid principal is due in September 2020.

WSKG PUBLIC TELECOMMUNICATIONS COUNCIL

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 7 - LONG-TERM DEBT (Continued)

Maturities of long-term debt are as follows:

Year Ending <u>June 30,</u>	<u>Amount</u>
2016	\$ 58,190
2017	45,401
2018	44,263
2019	42,500
2020	42,500
Thereafter	<u>197,540</u>
Total	\$ <u>430,394</u>

NOTE 8 - DEFERRED REVENUES

The Council receives, from time-to-time, advances for services provided and future projects. Deferred revenues consist of the following at June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Underwriting	\$ 3,832	\$ 9,739
Rental - current	68,133	68,133
Rental - noncurrent	7,197	75,331
Grants and promises to give	1,815	5,000
DVD sales	<u>530</u>	<u>541</u>
	\$ <u>81,507</u>	\$ <u>158,744</u>

NOTE 9 - ENDOWMENT AND RESTRICTED NET ASSETS

The Council's endowment investments consist of donations that have been designated by the donor to function as an endowment. As of June 30, 2015, the total amounts donated were \$42,679, which represent permanently restricted net assets. The income from this endowment is restricted for the support of classical music programming.

The Council has adopted investment and spending policies for the endowment assets that attempt to provide a predictable stream of funding for expenditures described in the endowment policy while seeking to maintain the purchasing power of the endowment assets. The Council's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through the diversification of asset classes. The Council expects the endowment fund, over time, to provide a consistent rate of return although actual return in any given year may vary.

WSKG PUBLIC TELECOMMUNICATIONS COUNCIL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 9 - ENDOWMENT AND RESTRICTED NET ASSETS (Continued)

To satisfy its long-term rate-of-return objectives, the Council relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Council targets diversified asset allocation that places a greater emphasis on equity-based investment to achieve its long-term return objectives within prudent risk parameters.

A reconciliation of the beginning and ending balance of the Agency's endowment net assets is as follows:

	<u>2015</u>	<u>2014</u>
Endowment net assets at beginning of year	\$ 47,114	\$ 20,349
Interest and dividends	1,164	832
Unrealized appreciation	156	3,603
Additional donor contribution	<u>-</u>	<u>22,330</u>
Endowment net assets at end of year	\$ <u>48,434</u>	\$ <u>47,114</u>

In recording this endowment, the Council has interpreted the portions of the Uniform Prudent Management of Institutional Funds Act adopted by New York State and Not-for-Profit Corporation Law (N-PCL) Section 513 (NYPMIFA). To constitute a true endowment under this law, the restrictions must arise from clearly expressed donor limitations. Any gift received with donor restrictions must be applied in accordance with those restrictions. To do otherwise is a breach of fiduciary duty of the Council's governing board. As a result of these interpretations, the Council classifies as permanently restricted net assets the aggregate fair value in dollars of: (i) an endowment fund at the time it became an endowment fund; (ii) each subsequent donation to the funds at the time it is made; and (iii) each accumulation made pursuant to a direction in the applicable gift instrument at the time the accumulation is added to the fund. The determination of these components is made in good faith by the Council's governing board, in interpretation of New York State law.

NOTE 10 - LEASE COMMITMENTS

Operating Leases - WSKG as Lessee

The Council is party to a number of non-cancelable operating lease agreements involving space on transmission towers, land for transmission towers and various other pieces of equipment. Under the terms of the leases, costs associated with the maintenance of leased office equipment are the responsibility of the Council. The leases expire at various dates through 2019.

WSKG PUBLIC TELECOMMUNICATIONS COUNCIL

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 10 - LEASE COMMITMENTS (Continued)

A summary of non-cancelable operating lease commitments is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2016	\$ 112,358
2017	10,300
2018	5,750
2019	<u>625</u>
Total	\$ <u>129,033</u>

Total rent expense under operating leases amounted to \$237,813 and \$123,165 for the years ended June 30, 2015 and 2014, respectively.

The Council is involved in month-to-month lease agreements for tower rental space and land. The total rent expense paid under these leases was \$91,253 and \$91,061 for the years ended June 30, 2015 and 2014, respectively.

Operating Leases - WSKG as Lessor

The Council also leases tower and building space to tenants under operating leases, whereby revenue is recognized as lease payments are received. The leases expire at various dates through 2018.

The future minimum lease payments to be received from operating leases, including those signed subsequent to June 30, 2015, are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2016	\$ 211,458
2017	110,172
2018	<u>49,514</u>
Total	\$ <u>371,144</u>

The Council is involved in several month-to-month lease agreements to provide tower rental space and land. The total rental income received under these leases was \$188,651 and \$121,675 for the years ended June 30, 2015 and 2014, respectively.

Total rental income earned amounted to \$449,780 and \$390,121 for the years ended June 30, 2015 and 2014, respectively.

WSKG PUBLIC TELECOMMUNICATIONS COUNCIL

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014**

NOTE 11 - OTHER INCOME

The following schedule summarizes the components of other income as classified on the Statement of Activities for the years ended June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Rental income	\$ 449,780	\$ 390,121
Special events	5,830	12,491
Miscellaneous income	<u>14,765</u>	<u>52,108</u>
	\$ <u>470,375</u>	\$ <u>454,720</u>

NOTE 12 - RETIREMENT PLANS

The Council participates in a contributory retirement plan administered by the Teachers Insurance Annuity Council of America (TIAA) and College Retirement Equities Fund (CREF) covering substantially all employees. Under the plan, which is a defined contribution pension plan as defined under 403(b) of the Internal Revenue Code, eligible employees are required to defer at least 2% of their compensation. The Council's contribution amounts to 7.0% of compensation for all eligible employees. Full-time employees are eligible to participate after completing one year of service and attaining the age of 21.

In addition, the Council participates in a second retirement plan administered by the Teachers Insurance Annuity Council of America (TIAA) and College Retirement Equities Fund (CREF) covering substantially all employees. Under the plan, which is also a defined contribution pension plan as defined under 403(b) of the Internal Revenue Code, eligible employees may defer up to 100% of eligible compensation, subject to annual limitations set by the Internal Revenue Service. Full-time employees are eligible to participate after completing one year of service and attaining the age of 21.

Total pension expenses charged to operations relating to these plans were \$106,450 and \$114,302 for the years ended June 30, 2015 and 2014, respectively.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Employment Agreement

The Council has an employment agreement with its President/Chief Executive Officer through June 30 2016, which provides for minimum annual compensation through that date. Under certain conditions, the Council may be required to continue to pay the base salary under the agreement for a period of three months after its termination.

Purchase Commitments

Purchase commitments outstanding related to programming rights for programs not available for showing until subsequent periods were \$496,237 and \$440,716 at June 30, 2015 and 2014, respectively.

WSKG PUBLIC TELECOMMUNICATIONS COUNCIL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 13 - COMMITMENTS AND CONTINGENCIES (Continued)

Remainder Trust Designation

The Council has been appointed as one of four third party designees of a trust upon the passing of the current trust beneficiaries. Due to the uncertainty surrounding the receipt of the trust remainder, no asset has been recognized in the accompanying financial statements. As of June 30, 2015 and 2014, the Council's tentative portion of the assets held in the trust, at fair value, was \$139,846 and \$144,951, respectively.

NOTE 14 - ADVERTISING BARTER TRANSACTIONS

During the year, WSKG engaged in several advertising barter transactions in which various services were provided to WSKG in exchange for underwriting contracts. WSKG recorded these transactions at the fair market value of the services received. The underwriting contracts and services received have been recorded in the financial statements in the appropriate revenue and expense lines. The total amount of revenue and expenses recorded for advertising barter transactions was \$102,870 and \$102,818 for the years ended June 30, 2015 and 2014, respectively.

NOTE 15 - DONATED MATERIALS AND SERVICES

Donated materials are recorded as support at their estimated fair value at the date of donation. Donated services are recognized as contributions in accordance with generally accepted accounting principles, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Donated services consisting of accounting, legal, advertising, educational and computer services in the amount of \$15,076 and \$15,119 were recorded as revenue for the years ended June 30, 2015 and 2014, respectively. Corresponding expenses for the same amount were recognized.

NOTE 16 - SUPPLEMENTAL CASH FLOW DISCLOSURES

Cash Payments for Interest and Income Taxes

Cash payments for interest and income taxes were amounted to the following for the years ended June 30:

	<u>2015</u>	<u>2014</u>
Interest	\$ <u>31,056</u>	\$ <u>25,130</u>
Income taxes	\$ <u>250</u>	\$ <u>250</u>

Non-cash Investing and Financing Transactions

During the year ending June 30, 2014, the Council used loan proceeds of \$11,343 to acquire a vehicle.

WSKG PUBLIC TELECOMMUNICATIONS COUNCIL

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015 AND 2014

NOTE 17 - PROGRAM DESCRIPTIONS

Youth Focused

WSKG Youth offers quality, educational content, interactive events and tools to understand development and learning. WSKG is a safe and trusted resource for youth. As a part of PBS, WSKG is committed to giving all children the tools they need to learn reading, science, and math - providing them with a greater chance to reach their full potential.

News and Public Affairs

WSKG News & Public Affairs is guided by powerful ethics, public media's best practices and community need. We support an understanding of the issues facing our community through an objective and relentless pursuit of the facts, high quality writing and production, and diligent journalism. In the pursuit of news we insistently question, thoroughly research, intelligently analyze, and ethically share stories with the radio listeners, television viewers and web browsers who rely on WSKG Public Media. Through the content we produce and the stories we tell, we provide insights into our community's struggles and successes. By maintaining an informed citizenry, we work to improve the quality of their life.

Engineering

Engineering is crucial to the Council's existence as a station. It oversees the operation, installation, maintenance, and implementation of television and radio broadcast equipment and towers on a day-to-day and long-term basis. It also monitors FCC rules and regulations and ensures station compliance with these federal guidelines, including the conversion to a digital broadcast system. This is a government mandated conversion that all television broadcast stations must have completed within a specified time. The Council has met its obligation under this mandate.

Arts and Culture

WSKG's Arts and Culture is guided by an ongoing commitment to provide the community it serves with the best in arts and culture content, locally and nationally, on multiple platforms. We do this to research, preserve and shore the rich and diverse culture of our viewing area with the community and staying consistent with our goal to create relevant content that promotes Upstate New York as a unique cultural destination, to produce compelling stories of the transformative power of the arts and to feature the extraordinary talents of our local musicians and performers.

History and Heritage

WSKG History & Heritage is guided by current research, best practices and community need. We support the understanding of our community's past through top-quality research, production and outreach. We accomplish this through the content we produce and the stories we tell about our region's past, our struggles and successes. With this goal in place we hope we can help our viewers and listeners emerge with relevant skills and an enhanced capacity for informed citizenship, critical thinking and community awareness.