

**WSKG PUBLIC TELECOMMUNICATIONS
COUNCIL**

**FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019
AND FOR THE YEARS THEN ENDED**

WSKG PUBLIC TELECOMMUNICATIONS COUNCIL

JUNE 30, 2020 AND 2019

C O N T E N T S

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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 financial statements of WSKG Public Telecommunications Council (a nonprofit New York corporation), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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, 2020, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of activities by category on pages 22 and 23 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited WSKG Public Telecommunications Council's June 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 29, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Davidson, Fox & Company, LLP

Binghamton, New York
February 4, 2021

WSKG PUBLIC TELECOMMUNICATIONS COUNCIL

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,393,304	\$ 848,754
Receivables		
Business sponsorship accounts, net	105,245	147,039
Grants and other promises to give, net	11,500	9,000
Pledges, net	383,565	347,789
Programming rights, current portion	34,726	37,108
Other current assets	<u>48,429</u>	<u>45,700</u>
 TOTAL CURRENT ASSETS	 <u>1,976,769</u>	 <u>1,435,390</u>
OTHER ASSETS		
Investment in Centralcast, LLC	445,925	453,895
Investments, endowment fund	124,036	117,726
Programming rights, net of current portion	25,082	20,062
Broadcasting facilities and equipment, net	1,768,693	1,584,399
Aquisitions in progress	<u>1,695,268</u>	<u>621,773</u>
 TOTAL OTHER ASSETS	 <u>4,059,004</u>	 <u>2,797,855</u>
	 <u>\$ 6,035,773</u>	 <u>\$ 4,233,245</u>

See accompanying notes to financial statements

LIABILITIES AND NET ASSETS

	<u>2020</u>	<u>2019</u>
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 55,000	\$ 42,500
Paycheck Protection Plan loan	415,400	-
Accounts payable	582,293	478,745
Accrued expenses	272,042	283,650
Deferred revenues, current portion	<u>66,640</u>	<u>77,853</u>
 TOTAL CURRENT LIABILITIES	 <u>1,391,375</u>	 <u>882,748</u>
 LONG-TERM LIABILITIES		
Long-term debt, net of current portion	593,125	648,125
Deferred revenues, net of current portion	5,833	71,545
Lease deposits	<u>16,500</u>	<u>16,500</u>
 TOTAL LONG-TERM LIABILITIES	 <u>615,458</u>	 <u>736,170</u>
 TOTAL LIABILITIES	 <u>2,006,833</u>	 <u>1,618,918</u>
 NET ASSETS		
Without donor restrictions		
Board designated	384,476	-
Undesignated	3,591,785	2,494,888
With donor restrictions	<u>52,679</u>	<u>119,439</u>
 TOTAL NET ASSETS	 <u>4,028,940</u>	 <u>2,614,327</u>
	 <u>\$ 6,035,773</u>	 <u>\$ 4,233,245</u>

WSKG PUBLIC TELECOMMUNICATIONS COUNCIL

**STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	June 30, 2020		
	Without Donor	With Donor	Total
	<u>Restrictions</u>	<u>Restrictions</u>	<u>2020</u>
SUPPORT AND REVENUE			
Membership and contributions	\$ 2,054,735	\$ -	\$ 2,054,735
Government grants and support	3,535,046	-	3,535,046
Program sponsorship	577,034	-	577,034
Net investment gain	8,463	-	8,463
Income (loss) from Centralcast, LLC	(7,970)	-	(7,970)
Other	282,330	-	282,330
Net assets released from restrictions	<u>66,760</u>	<u>(66,760)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>6,516,398</u>	<u>(66,760)</u>	<u>6,449,638</u>
EXPENSES			
Program services	3,444,970	-	3,444,970
Support services	<u>1,590,055</u>	<u>-</u>	<u>1,590,055</u>
TOTAL EXPENSES	<u>5,035,025</u>	<u>-</u>	<u>5,035,025</u>
CHANGE IN NET ASSETS	1,481,373	(66,760)	1,414,613
NET ASSETS, beginning	<u>2,494,888</u>	<u>119,439</u>	<u>2,614,327</u>
NET ASSETS, ending	\$ <u>3,976,261</u>	\$ <u>52,679</u>	\$ <u>4,028,940</u>

See accompanying notes to financial statements

June 30, 2019

Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	Total <u>2019</u>
\$ 2,131,285	\$ 12,000	\$ 2,143,285
2,486,873	-	2,486,873
551,975	54,760	606,735
11,838	-	11,838
(34,494)	-	(34,494)
<u>272,938</u>	<u>-</u>	<u>272,938</u>
<u>5,420,415</u>	<u>66,760</u>	<u>5,487,175</u>
3,464,868	-	3,464,868
<u>1,606,494</u>	<u>-</u>	<u>1,606,494</u>
<u>5,071,362</u>	<u>-</u>	<u>5,071,362</u>
349,053	66,760	415,813
<u>2,145,835</u>	<u>52,679</u>	<u>2,198,514</u>
\$ <u><u>2,494,888</u></u>	\$ <u><u>119,439</u></u>	\$ <u><u>2,614,327</u></u>

WSKG PUBLIC TELECOMMUNICATIONS COUNCIL

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE TOTALS FOR JUNE 30, 2019**

	Program Services					Support Services				2020 Total	2019 Total		
	Youth Focused	News and Public Affairs	Arts and Culture	History and Heritage	Engineering	Total Programs	Business Sponsorship and Development	Strategic Planning and Community Development	General and Administrative				Total Support
(1) Salaries and wages	\$ 178,852	\$ 351,138	\$ -	\$ 300,037	\$ 110,445	\$ 940,472	\$ 401,055	\$ 159,229	\$ 40,177	\$ 600,461	\$ 1,540,933	\$ 1,683,862	(1)
(2) Payroll taxes	13,561	24,275	-	21,025	9,237	68,098	29,247	10,990	2,430	42,667	110,765	114,103	(2)
(3) Employee fringe benefits	22,335	75,316	-	99,313	9,103	206,067	89,662	18,275	15,936	123,873	329,940	360,382	(3)
(4) Professional development	1,149	900	-	650	-	2,699	1,664	360	-	2,024	4,723	9,810	(4)
(5) Travel and functions	1,556	1,771	-	2,851	75	6,253	3,484	454	968	4,906	11,159	7,348	(5)
(6) Program acquisitions	-	453,940	497,763	-	-	951,703	-	-	-	-	951,703	996,156	(6)
(7) Network fees	-	168,031	34,789	-	34,667	237,487	2,207	-	-	2,207	239,694	259,823	(7)
(8) Printing	19	-	-	-	-	19	2,155	-	-	2,155	2,174	3,156	(8)
(9) Building lease	-	-	-	-	247,681	247,681	-	-	-	-	247,681	252,055	(9)
(10) Equipment rental and lease	-	-	-	-	-	-	-	2,153	-	2,153	2,153	1,423	(10)
(11) Repairs and maintenance	-	-	-	-	108,678	108,678	107,170	-	1,348	108,518	217,196	166,949	(11)
(12) Professional fees	-	-	7,910	-	885	8,795	-	25,898	104,719	130,617	139,412	95,272	(12)
(13) Office supplies	166	477	-	62	169	874	432	5,826	583	6,841	7,715	3,056	(13)
(14) Postage and shipping	1,175	-	-	38	94	1,307	6,160	-	958	7,118	8,425	12,273	(14)
(15) Production and supplies	3,489	3,993	101,576	7,282	140,617	256,957	-	-	-	-	256,957	218,324	(15)
(16) Advertising	119	-	-	-	-	119	70,857	26	-	70,883	71,002	66,048	(16)
(17) Premiums	-	-	-	-	-	-	33,243	-	-	33,243	33,243	14,824	(17)
(18) Dues and subscriptions	179	1,968	278	-	-	2,425	7,464	3,235	-	10,699	13,124	14,840	(18)
(19) Other program expenditures	9,813	1,400	8,269	1,515	-	20,997	9,869	-	-	9,869	30,866	-	(19)
(20) Special events/planned giving	2,100	275	-	-	-	2,375	8,335	-	-	8,335	10,710	15,040	(20)
(21) Information technology	-	-	-	-	6,918	6,918	511	3,916	12,356	16,783	23,701	16,252	(21)
(22) Telemarketing	-	-	-	-	-	-	12,715	-	-	12,715	12,715	14,087	(22)
(23) Direct mail	-	-	-	-	-	-	87,989	-	-	87,989	87,989	66,424	(23)
(24) APTS/APBS Council expense	-	-	-	-	-	-	-	32,747	-	32,747	32,747	32,197	(24)
(25) Bad debt	-	-	-	-	-	-	-	-	-	-	-	4,780	(25)
(26) Miscellaneous	218	861	200	3,246	91	4,616	50,918	632	21,919	73,469	78,085	91,440	(26)
(27) Subtotal	234,731	1,084,345	650,785	436,019	668,660	3,074,540	925,137	263,741	201,394	1,390,272	4,464,812	4,519,924	(27)
(28) Insurance	-	-	-	-	-	-	-	-	72,679	72,679	72,679	76,551	(28)
(29) Interest	-	-	-	-	2	2	-	-	33,818	33,818	33,820	32,562	(29)
(30) Utilities	-	-	-	-	152,339	152,339	-	-	-	-	152,339	157,065	(30)
(31) Telephone	1,000	1,562	-	680	1,297	4,539	1,778	580	22,558	24,916	29,455	25,890	(31)
(32) Depreciation & amortization	11,652	51,038	110,310	6,991	33,559	213,550	39,774	8,467	20,129	68,370	281,920	259,370	(32)
(33) Total functional expenses	\$ 247,383	\$ 1,136,945	\$ 761,095	\$ 443,690	\$ 855,857	\$ 3,444,970	\$ 966,689	\$ 272,788	\$ 350,578	\$ 1,590,055	\$ 5,035,025	\$ 5,071,362	(33)

See accompanying notes to financial statements

WSKG PUBLIC TELECOMMUNICATIONS COUNCIL

**STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,414,613	\$ 415,813
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	281,920	259,373
Gain on sale of property and equipment	(2,500)	-
Unrealized gain on investments	(3,950)	(5,960)
Loss from Centralcast, LLC	7,970	34,494
Non-cash contributions	-	(8,249)
(Increase) decrease in		
Receivables	3,518	(147,934)
Programming rights	(2,638)	(735)
Other assets	(2,729)	(1,713)
Increase (decrease) in		
Accounts payable	103,548	314,882
Accrued expenses	(11,608)	131,073
Deferred income	<u>(76,925)</u>	<u>(63,505)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,711,219</u>	<u>927,539</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment and acquisitions in progress	(1,539,709)	(698,836)
Proceeds from sale of property and equipment	2,500	-
Purchases of investments	(2,360)	(1,889)
Proceeds from sale of investments	<u>-</u>	<u>8,249</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,539,569)</u>	<u>(692,476)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	(42,500)	(42,500)
New borrowings	<u>415,400</u>	<u>-</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>372,900</u>	<u>(42,500)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	544,550	192,563
CASH AND CASH EQUIVALENTS, beginning	<u>848,754</u>	<u>656,191</u>
CASH AND CASH EQUIVALENTS, ending	\$ <u><u>1,393,304</u></u>	\$ <u><u>848,754</u></u>

See accompanying notes to financial statements

WSKG PUBLIC TELECOMMUNICATIONS COUNCIL

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

ORGANIZATION

Nature of Operations

The Council is a non-profit New York Corporation, which operates a non-commercial public television station with four channels (WSKG, PBS Kids, World, and Create) and two non-commercial public FM radio stations (WSKG and WSQX) covering 21 counties in New York and Pennsylvania. 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

The financial statements presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities, Presentation of Financial Statements*. During 2018, the Organization adopted the provisions of Accounting Standards Update (ASU) 2016-14: *Not-for-Profit-Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities*, which improves the current net asset classification and the related information presented in the consolidated financial statements and notes about the Organization's liquidity, financial performance, and cash flows.

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. With the adoption of ASU 2016-14, the financial statements presentation of net assets has been modified, eliminating unrestricted, temporarily restricted, and permanently restricted classifications, and replacing them with the following.

Net assets without donor restrictions – Net assets without donor-imposed restrictions and are available for use at the discretion of the Board and/or management for general operating purposes.

Net assets with donor restrictions – Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time, and/or purpose restrictions.

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.

WSKG PUBLIC TELECOMMUNICATIONS COUNCIL

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

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

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, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Business sponsorship accounts receivable	\$ 121,461	\$ 162,996
Allowance for doubtful accounts	<u>(16,216)</u>	<u>(15,957)</u>
Business sponsorship and trade accounts receivable, net	\$ <u>105,245</u>	\$ <u>147,039</u>
Pledges receivable	\$ 426,176	\$ 380,372
Allowance for doubtful accounts	<u>(42,611)</u>	<u>(32,583)</u>
Pledges receivable, net	\$ <u>383,565</u>	\$ <u>347,789</u>

Grants Receivable and Promises to Give

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

	<u>2020</u>	<u>2019</u>
Public Broadcasting Service	\$ 11,500	\$ -
Paleontological Research Institution	<u>-</u>	<u>9,000</u>
Grants receivable and promises to give	\$ <u>11,500</u>	\$ <u>9,000</u>

WSKG PUBLIC TELECOMMUNICATIONS COUNCIL

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

Inventory is stated at the lower of cost or market value 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, 2020 and 2019, inventory represented \$21,463 and \$26,205 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.

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, 2020 AND 2019

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 \$71,002 and \$66,048 for the years ended June 30, 2020 and 2019, 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.

Subsequent Events

The Council has evaluated events and transactions that have occurred between July 1, 2020 and February 4, 2021, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

Reclassifications

Certain amounts from the 2019 financial statements have been reclassified to conform to the presentation for 2020. Changes in net assets as previously reported was not impacted by this reclassification.

WSKG PUBLIC TELECOMMUNICATIONS COUNCIL

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

NOTE 2 - CONCENTRATIONS

Credit Risk - Cash and Cash Equivalents

The Council maintains its cash balances in various accounts at one financial institution located in Binghamton, New York. All accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Council's uninsured balances as of June 30, 2020 and 2019 were \$1,109,647 and \$540,799, respectively.

Revenues

Revenues from two major funding sources, New York State Department of Education and the Corporation for Public Broadcasting (CPB), comprised approximately 51% and 35% of income during each of the years ending June 30, 2020 and 2019, 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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Investment, beginning	\$ 453,895	\$ 488,389
Allocable net income (loss)	<u>(7,970)</u>	<u>(34,494)</u>
Investment, ending	\$ <u>445,925</u>	\$ <u>453,895</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 \$140,617 in expenses for these services in each of the years ending June 30, 2020 and 2019.

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, 2020 AND 2019**

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, 2020</u>		
Cash equivalents	\$ 109	\$ 109
Mutual funds:		
Bond funds	34,702	37,118
Equity index funds	<u>63,271</u>	<u>86,809</u>
Total investments	\$ <u>98,082</u>	\$ <u>124,036</u>
<u>June 30, 2019</u>		
Cash equivalents	\$ 107	\$ 107
Mutual funds:		
Bond funds	33,867	34,616
Equity index funds	<u>61,593</u>	<u>83,003</u>
Total investments	\$ <u>95,567</u>	\$ <u>117,726</u>

Unrecognized holding gains on securities amounted to \$3,950 and \$5,960 for the years ended June 30, 2020 and 2019, 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>2020</u>	<u>2019</u>
Land	\$ 128,429	\$ 128,429
Building	3,563,390	3,562,527
Studio and technical equipment	5,781,030	5,779,560
Transmitter/translator equipment, antenna and tower	5,510,644	5,118,734
Public radio equipment	680,779	631,899
Satellite interconnect system	191,284	191,284
Furniture and fixtures	179,489	179,489
Data processing equipment	363,892	352,972
Vehicles	50,654	50,654
Tenant leasehold improvements	248,704	236,531
Back-up generator	<u>230,245</u>	<u>230,245</u>
Total broadcasting facilities and equipment	16,928,540	16,462,324
Less: accumulated depreciation	<u>(15,159,847)</u>	<u>(14,877,925)</u>
Total	\$ <u>1,768,693</u>	\$ <u>1,584,399</u>

WSKG PUBLIC TELECOMMUNICATIONS COUNCIL

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 5 - BROADCASTING FACILITIES AND EQUIPMENT (Continued)

Depreciation and amortization expense amounted to \$281,920 and \$259,370 for the years ended June 30, 2020 and 2019, 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, 2020). The balance on the line amounted to \$-0- at both June 30, 2020 and 2019.

NOTE 7 - LONG-TERM DEBT

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

	<u>2020</u>	<u>2019</u>
Mortgage payable to a bank in 59 monthly installments of \$3,542, plus interest at 4.5%, with all unpaid principal due in September 2020. The mortgage was refinanced in September 2020. This mortgage is collateralized by a building and the assignment of leases.	\$ 648,125	\$ 690,625
Less: current portion	<u>(55,000)</u>	<u>(42,500)</u>
Long-term debt	\$ <u><u>593,125</u></u>	\$ <u><u>648,125</u></u>

The remaining principal balance on the Council's mortgage payable was due in September 2020. In September 2020, the Council refinanced the mortgage with a total amount of \$641,041 borrowed, which is payable in monthly installments of \$5,253.47 plus interest at the bank's 10 year Cost of Funds rate plus a margin of 3.25% (rate at date of refinance was 3.96%) for a duration of 10 years. All unpaid principal is due in September 2030.

Maturities of long-term debt are as follows:

Year Ending <u>June 30,</u>	<u>Amount</u>
2021	\$ 55,000
2022	63,042
2023	63,042
2024	63,042
2025	63,042
Thereafter	<u>340,957</u>
Total	\$ <u><u>648,125</u></u>

WSKG PUBLIC TELECOMMUNICATIONS COUNCIL

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 7 - LONG-TERM DEBT (Continued)

The Council's mortgage contains various limitations and covenants, including delivery of audited financial statements within 120 days of year end and meeting a debt service coverage ratio. As of June 30, 2020, the Council was in compliance with all covenants, except for the one requiring delivery of audited financial statements within 120 days.

NOTE 8 - PAYCHECK PROTECTION PLAN LOAN

In April 2020, the United States Congress passed the Corona Aid Relief and Economic Security Act (CARES) which included a provision granting loans to small businesses under the Paycheck Protection Program. The Council applied for, and received, \$415,400 under this program. Amounts spent on allowable expenses (payroll, rent, pension, health insurance and utilities) during the twenty-four weeks from the time of funding, will be forgiven. Amounts not spent during the allowable timeframe or spent on unallowable costs will need to be repaid at 1% interest over an 18 month period beginning December 2020. In December 2020, the entirety of the loan, including all accrued interest, was forgiven.

NOTE 9 - DEFERRED REVENUES

The Council receives, from time-to-time, advances on government grants and lease payments. Deferred revenues consist of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Rental - current	\$ 66,640	\$ 77,853
Rental - noncurrent	<u>5,833</u>	<u>71,545</u>
	\$ <u>72,473</u>	\$ <u>149,398</u>

NOTE 10 - ENDOWMENT FUNDS

The Council's endowment investments consist of donations that have been designated by the donor to function as an endowment. As of June 30, 2020 and 2019, the total amounts donated were \$52,679, which are included in net assets with donor restrictions.

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.

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.

WSKG PUBLIC TELECOMMUNICATIONS COUNCIL

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 10 - ENDOWMENT FUNDS (Continued)

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

	<u>2020</u>	<u>2019</u>
Endowment net assets at beginning of year	\$ 117,726	\$ 109,877
Interest, dividends and realized gains	2,360	1,889
Unrealized appreciation	<u>3,950</u>	<u>5,960</u>
 Endowment net assets at end of year	 \$ <u>124,036</u>	 \$ <u>117,726</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 net assets with donor restrictions 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 11 - BOARD DESIGNATED NET ASSETS

In April 2020, the Council received emergency stabilization funding from the Corporation for Public Broadcasting of \$112,136 for radio and \$260,204 for television as a part of the Coronavirus Aid, Relief, and Economic Security Act (CARES). These funds are considered unrestricted and have no expenditure period. At the board of trustees' discretion, and through comparable stations actions, it has been determined that these funds will be used in fiscal year 2021 as the lasting effects from the COVID-19 pandemic will be have a greater impact on the coming year's funding and will therefore be designated for future use at June 30, 2020.

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS

The balance in net assets with donor restrictions as of June 30 is as follows:

	<u>2020</u>	<u>2019</u>
Donor support for programming in future years	\$ -	\$ 66,760
Endowment funds (see Note 10)	<u>52,679</u>	<u>52,679</u>
 Net assets with donor restrictions	 \$ <u>52,679</u>	 \$ <u>143,798</u>

WSKG PUBLIC TELECOMMUNICATIONS COUNCIL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 13 - 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 2024.

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

Year Ending <u>June 30,</u>	<u>Amount</u>
2021	\$ 20,139
2022	13,658
2023	3,000
2024	<u>750</u>
Total	\$ <u>37,547</u>

Total rent expense under operating leases amounted to \$27,304 and \$24,784 for the years ended June 30, 2020 and 2019, 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 \$220,377 and \$227,271 for the years ended June 30, 2020 and 2019, 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 2024. The future minimum lease payments to be received from operating leases, including those signed subsequent to June 30, 2020, are as follows:

Year Ending <u>June 30,</u>	<u>Amount</u>
2021	\$ 203,328
2022	150,737
2023	111,240
2024	<u>6,400</u>
Total	\$ <u>471,705</u>

WSKG PUBLIC TELECOMMUNICATIONS COUNCIL

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

NOTE 13 - LEASE COMMITMENTS (Continued)

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 \$2,581 and \$29,728 for the years ended June 30, 2020 and 2019, respectively.

Total rental income earned amounted to \$278,150 and \$264,427, for the years ended June 30, 2020 and 2019, respectively.

NOTE 14 - RETIREMENT PLANS

The Council participated 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 were required to defer at least 2% of their compensation. The Council's contribution amounted to 7% of compensation for all eligible employees. Full-time employees were eligible to participate after completing one year of service and attaining the age of 21. This plan was terminated by the Council as of December 31, 2019.

In addition, the Council participated 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 was also a defined contribution pension plan as defined under 403(b) of the Internal Revenue Code, eligible employees were able to defer up to 100% of eligible compensation, subject to annual limitations set by the Internal Revenue Service. Full-time employees were eligible to participate after completing one year of service and attaining the age of 21. This plan was terminated by the Council as of December 31, 2019.

Effective January 1, 2020, the Council established a retirement plan under section 401(k) of the Internal Revenue Code. Under the plan, eligible employees are able to defer up to 100% of their compensation and the Council will match up to 2% of each employee's deferral. In addition, the Council will make an additional non-elective contribution of 5% of compensation for all eligible employees. The Council also has the right under the plan to make additional discretionary contributions. Employees are eligible to defer compensation upon employment and attaining the age of 18. Participation in the Council's contributions requires a year of service as well.

Total pension expenses charged to operations relating to these plans were \$91,502 and \$89,437 the years ended June 30, 2020 and 2019, respectively.

WSKG PUBLIC TELECOMMUNICATIONS COUNCIL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 15 - OTHER INCOME

The following schedule summarizes the components of other income as classified on the Statement of Activities for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Rental income	\$ 278,150	\$ 264,427
Special events	550	3,397
Royalties	-	1,988
DVD sales	682	3,025
Gain on sale of property and equipment	2,500	-
Miscellaneous income	<u>448</u>	<u>101</u>
	\$ <u>282,330</u>	\$ <u>272,938</u>

NOTE 16 - COMMITMENTS AND CONTINGENCIES

Purchase Commitments

Purchase commitments outstanding related to programming rights for programs not available for showing until subsequent periods were \$501,976 and \$521,236 at June 30, 2020 and 2019, respectively.

NOTE 17 - RISKS AND UNCERTAINTIES

In December 2019, a novel strain of coronavirus was reported to have surfaced in China. The spread of this virus to the United States caused the shutdown of various businesses by governmental decree. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, while the Council expects this matter to negatively impact its operating results, the related financial impact and duration cannot be reasonably estimated at this time.

NOTE 18 - 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 \$60,978 and \$67,535 for the years ended June 30, 2020 and 2019, respectively.

WSKG PUBLIC TELECOMMUNICATIONS COUNCIL

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 19 - 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>2020</u>	<u>2019</u>
Interest	\$ <u>33,820</u>	\$ <u>32,562</u>
Income taxes	\$ <u>36,385</u>	\$ <u>3,325</u>

NOTE 20 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Council's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,393,305	\$ 848,754
Receivables, net	500,310	503,828
Investments	<u>124,036</u>	<u>117,726</u>
Total financial assets as of year-end	2,017,651	1,470,308
Less assets unavailable for general expenditures within one year due to:		
Board designations	384,476	-
Program specific restrictions	-	66,760
Permanent endowment restrictions	<u>52,679</u>	<u>52,679</u>
Financial assets available to meet cash needs for general expenditure within one year	\$ <u>1,580,496</u>	\$ <u>1,350,869</u>

As part of its liquidity plan, the Council also maintains a \$400,000 line of credit with a local financial institution (see note 6).

NOTE 21 - RELATED PARTY TRANSACTIONS

Several members of the board of trustees own businesses or are employees of entities that sponsor programs of WSKG. Revenues from these transactions amounted to \$6,640 and \$29,620 during the years ended June 30, 2020 and 2019, respectively

WSKG PUBLIC TELECOMMUNICATIONS COUNCIL

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

NOTE 21 - RELATED PARTY TRANSACTIONS (Continued)

A member of the board of trustees is a partner in a law firm that provides legal services to WSKG. Total expenditures with this firm amounted to \$8,313 and \$4,101 during the years ended June 30, 2020 and 2019, respectively.

A member of the board of trustees is an employee of a financial institution that loaned money to WSKG. Total interest expense paid to the financial institution amounted to \$33,820 and \$32,562 during the years ended June 30, 2020 and 2019, respectively.

NOTE 22 - 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.

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.

WSKG PUBLIC TELECOMMUNICATIONS COUNCIL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 22 - PROGRAM DESCRIPTIONS (Continued)

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.

NOTE 23 - SUBSEQUENT EVENTS

The Council has accrued a balance of \$108,713 in utilities expenses at a tower location that went unbilled from the provider. In December 2020, the owner of the tower agreed to donate the entire amount of the accrued liability. The revenue and related reduction in accrued expenses will be recognized during the year ending June 30, 2021.

WSKG PUBLIC TELECOMMUNICATIONS COUNCIL

**STATEMENT OF ACTIVITIES BY CATEGORY
YEAR ENDED JUNE 30, 2020**

	<u>AFR Line</u>	<u>TV</u>	<u>Radio</u>	<u>Total</u>
REVENUES				
Membership and contributions				
Non-profit grants	A - 8.1B	\$ 90,750	\$ 29,363	\$ 120,113
Membership	A - 10	726,163	740,167	1,466,330
Capital fund contributions	A - 18A	4,000	-	4,000
Major gifts	A - 19	214,923	218,452	433,375
Public broadcasting entities	A - 2E	29,917	-	29,917
Miscellaneous PBE	A - 2F	1,000	-	<u>1,000</u>
				<u>2,054,735</u>
Government grants and support				
CPB Community Service Grants	A - 2A	734,500	193,326	927,826
Other CPB grants	A - 2B	385,585	112,136	497,721
PBS grants and payments	A - 2C	27,436	-	27,436
NYS grants	A - 4.1B	750,217	119,030	869,247
FCC Spectrum Incentive Auction	A - 21	1,212,816	-	<u>1,212,816</u>
				<u>3,535,046</u>
Program sponsorship				
Private colleges	A - 7.1A	-	13,000	13,000
Non-profit organizations	A - 8.1A	112,186	33,263	145,449
Businesses	A - 9.1A	107,710	249,897	357,607
Trades	C	3,195	57,783	<u>60,978</u>
				<u>577,034</u>
Net investment gain				
Interest and dividends	A - 15A	2,238	2,275	4,513
Unrealized gains on securities	A - 16C	1,959	1,991	<u>3,950</u>
				<u>8,463</u>
Loss from Centralcast, LLC	A - 16C	(7,970)	-	<u>(7,970)</u>

(Continued)

See independent auditor's report.

WSKG PUBLIC TELECOMMUNICATIONS COUNCIL

**STATEMENT OF ACTIVITIES BY CATEGORY
YEAR ENDED JUNE 30, 2020**

	<u>AFR Line</u>	<u>TV</u>	<u>Radio</u>	<u>Total</u>
Other				
Rental income - public broadcasting	A - 2E	\$ 7,119	-	\$ 7,119
Rental income - local government	A - 3.2A	20,754	-	20,754
Rental income - state colleges	A - 5.2A	5,108	5,108	10,216
Rental income - private colleges	A - 7.2A	1,200	-	1,200
Rental income - non-profit organizations	A - 8.2A	39,975	-	39,975
Rental income - other	A - 9.2A	99,443	99,443	198,886
Special events	A - 14A	550	-	550
Gain on sale of property and equipment	A - 16A	1,250	1,250	2,500
Other income	A - 20	<u>906</u>	<u>224</u>	<u>1,130</u>
				<u>282,330</u>
 TOTAL REVENUES		 <u>4,572,930</u>	 <u>1,876,708</u>	 <u>6,449,638</u>
 EXPENSES				
Programming and production				
Youth focused				247,383
News and public affairs				1,136,945
Arts and culture				761,095
History and heritage				<u>443,690</u>
Programming and production totals	E - 1	1,514,560	1,074,553	2,589,113
 Engineering	E - 2	427,929	427,928	855,857
 Business sponsorship and development	E - 5, E - 6	465,197	501,492	966,689
 General and administrative	E - 4	175,289	175,289	350,578
 Strategic planning and community development	E - 3	<u>136,394</u>	<u>136,394</u>	<u>272,788</u>
 TOTAL EXPENSES		 <u>2,719,369</u>	 <u>2,315,656</u>	 <u>5,035,025</u>
 CHANGE IN NET ASSETS		 \$ <u>1,853,561</u>	 \$ <u>(438,948)</u>	 \$ <u>1,414,613</u>
				(Concluded)

See independent auditor's report.