The Greater Cincinnati Television Educational Foundation

Financial Statements with Supplemental Information June 30, 2017 and 2016 and Independent Auditors' Report

THE GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION
June 30, 2017 and 2016

Contents

BARNES DENNIG
Accounting • Tax • Business Insight

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Independent Auditors' Report

To the Board of Trustees
The Greater Cincinnati Television Educational Foundation
Cincinnati, Ohio

We have audited the accompanying financial statements of The Greater Cincinnati Television Educational Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Greater Cincinnati Television Educational Foundation as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditors' Report
(Continued)

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statements of broadcasting and telecommunication expenses, fundraising expenses, and administrative expenses on pages 18 – 22 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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.

Barnes, Dennig & Co., Ltd.

December 18, 2017
Cincinnati, Ohio

THE GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

Statements of Financial Position
June 30, 2017 and 2016

	2017	2016
Assets		
Cash	$ 125,130	$ 77,867
Accounts receivable, net	233,167	169,481
Contributions receivable, net	91,941	89,943
Due from related party	452,403	372,058
Prepaid expense	67,379	35,059
Investments	1,735,839	1,543,452
Beneficial interest in perpetual trust	815,752	754,947
Property and equipment, net	1,653,945	2,001,376
Total assets	$ 5,175,556	$ 5,044,183
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 87,120	$ 51,250
Accrued expenses	203,898	200,826
Deferred support and revenue	60,800	74,007
Capital lease obligation	6,670	23,827
Accrued pension benefit obligation	1,689,846	2,571,098
Total liabilities	2,048,334	2,921,008
Net Assets		
Unrestricted	1,885,469	944,690
Temporarily restricted	237,281	234,818
Permanently restricted	1,004,472	943,667
Total net assets	3,127,222	2,123,175
Total liabilities and net assets	$ 5,175,556	$ 5,044,183

The accompanying notes are an integral part of these statements

THE GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

Statement of Activities
Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue				
Support:				
Corporation for Public Broadcasting: Community Service Grant and Interconnect reimbursement	$ 965,365	$ -	$ -	$ 965,365
eTech Ohio:				
Operating subsidy	159,980	-	-	159,980
Educational subsidy	105,286	-	-	105,286
In-kind donations	587,034	-	-	587,034
Total support	1,817,665	-	-	1,817,665
Revenue:				
Memberships and other contributions	2,269,996	139,543	-	2,409,539
Donated services	39,080	-	-	39,080
Acquired program sponsorship and underwriting	324,219	-	-	324,219
Auction and special events	472,959	-	-	472,959
Contract production services	311,015	-	-	311,015
Educational services	198,739	-	-	198,739
Rental income	245,886	-	-	245,886
Investment income	205,348	-	-	205,348
Promotion and miscellaneous	1,496	-	-	1,496
Change in value of trust	-	-	60,805	60,805
Total revenue	4,068,738	139,543	60,805	4,269,086
Net assets released from restrictions	137,080	(137,080)	-	-
Total support and revenue	6,023,483	2,463	60,805	6,086,751
Expenses				
Broadcasting and telecommunication service	3,829,613	-	-	3,829,613
Fundraising	1,155,704	-	-	1,155,704
Administrative	815,030	-	-	815,030
Total expenses	5,800,347	-	-	5,800,347
Change in net assets before pension adjustment	223,136	2,463	60,805	286,404
Change in pension benefit obligation	717,643	-	-	717,643
Change in net assets	940,779	2,463	60,805	1,004,047
Net assets, beginning of year	944,690	234,818	943,667	2,123,175
Net assets, end of year	$ 1,885,469	$ 237,281	$ 1,004,472	$ 3,127,222

The accompanying notes are an integral part of these statements

THE GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

Statement of Activities
Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue				
Support:				
Corporation for Public Broadcasting: Community Service Grant and Interconnect reimbursement	$ 969,001	$ -	$ -	$ 969,001
eTech Ohio:				
Operating subsidy	159,980	-	-	159,980
Educational subsidy	105,286	-	-	105,286
In-kind donations	573,698	-	-	573,698
Total support	1,807,965	-	-	1,807,965
Revenue:				
Memberships and other contributions	2,190,056	72,845	-	2,262,901
Donated services	185,669	-	-	185,669
Acquired program sponsorship and underwriting	314,717	-	-	314,717
Auction and special events	402,803	-	-	402,803
Contract production services	239,310	-	-	239,310
Educational services	267,167	-	-	267,167
Rental income	247,905	-	-	247,905
Investment income	22,143	-	-	22,143
Promotion and miscellaneous	5,684	-	-	5,684
Change in value of trust	-	-	(65,409)	(65,409)
Total revenue	3,875,454	72,845	(65,409)	3,882,890
Net assets released from restrictions	180,583	(180,583)	-	-
Total support and revenue	5,864,002	(107,738)	(65,409)	5,690,855
Expenses				
Broadcasting and telecommunication service	3,880,812	-	-	3,880,812
Fundraising	1,055,382	-	-	1,055,382
Administrative	964,252	-	-	964,252
Total expenses	5,900,446	-	-	5,900,446
Change in net assets before pension adjustment	(36,444)	(107,738)	(65,409)	(209,591)
Change in pension benefit obligation	(861,766)	-	-	(861,766)
Change in net assets	(898,210)	(107,738)	(65,409)	(1,071,357)
Net assets, beginning of year	1,842,900	342,556	1,009,076	3,194,532
Net assets, end of year	$ 944,690	$ 234,818	$ 943,667	$ 2,123,175

The accompanying notes are an integral part of these statements

THE GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

Statements of Cash Flows
Years Ended June 30, 2017 and 2016

	2017	2016
Cash flows from operating activities		
Change in net assets	$ 1,004,047	$ (1,071,357)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	449,399	435,194
Realized and unrealized (gains) losses on investments	(147,723)	56,396
(Gain) loss on beneficial interest in perpetual trust	(60,805)	65,409
Changes in:		
Accounts and contributions receivable	(65,684)	38,905
Due from related party	(80,345)	(172,058)
Prepaid expense and rent	(32,320)	20,941
Accounts payable and accrued expenses	38,942	11,080
Deferred revenue	(13,207)	(6,563)
Accrued pension benefit obligation	(881,252)	781,525
Net cash provided by operating activities	211,052	159,472
Cash flows from investing activities		
Purchase of equipment	(101,968)	(125,850)
Purchase of investments	(1,173,673)	(1,489,794)
Proceeds from sale of investments	1,129,009	1,453,573
Net cash used in investing activities	(146,632)	(162,071)
Cash flows from financing activities		
Proceeds from line of credit	441,260	383,000
Payments on line of credit	(441,260)	(383,000)
Principal payments on capital lease obligation	(17,157)	(17,158)
Net cash used by financing activities	(17,157)	(17,158)
Net change in cash	47,263	(19,757)
Cash, beginning of year	77,867	97,624
Cash, end of year	$ 125,130	$ 77,867
Supplemental information		
Cash paid for interest	$ 3,542	$ 4,631

The accompanying notes are an integral part of these statements

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Greater Cincinnati Television Educational Foundation (the Organization) is a tax-exempt corporation under Section 501 (c)(3) of the Internal Revenue Code. The Organization owns and operates noncommercial broadcasting stations in the State of Ohio, specifically WCET Channel 48 in Cincinnati. The Organization receives support primarily from the viewing public and private and government grants.

Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance accounting principles generally accepted in the United States of America (GAAP). The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets which have no donor-imposed restriction; temporarily restricted net assets which have donor-imposed restrictions that will expire in the future; and permanently restricted net assets which have donor-imposed restrictions that will not expire.

Fair Value Measurements

Generally accepted accounting principles has established a three-level hierarchy for fair value measurements based on the transparency of valuation inputs as of the measurement date. The hierarchy is based on the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows: Level 1 inputs are unadjusted quoted prices for identical assets in active markets; Level 2 inputs are observable quoted prices for similar assets in active markets; Level 3 inputs are unobservable and reflect management's best estimate of what market participants would use as fair value.

Cash

The Organization considers bank deposits and all highly liquid investments with original maturities of three months or less to be cash. The Organization maintains its cash in bank deposit accounts which, at times, exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and all debt securities are carried at fair value. Other investments are valued at the lower of cost or fair value. Investment return includes dividends, interest and realized and unrealized gains and losses on investments.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets. Other investment return is reflected in the statements of activities as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable represent uncollateralized obligations due from various organizations. Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts by evaluating each individual organization's receivable and considering their current credit worthiness, past experience and current economic conditions. Accounts have been adjusted for all known and expected uncollectible amounts. Recoveries of amounts previously written off are recorded when received. At June 30, 2017 and 2016, the provision for uncollectible accounts was $5,000.

Property and Equipment

Building and equipment are recorded at cost or, in the case of donated assets, at their estimated fair value at date of receipt. Depreciation is computed by the straight-line method over the estimated useful lives of the respective assets. The Organization reviews its long-lived assets for impairment if changes in circumstances indicate that the carrying amount may not be recoverable. Management believes there has been no impairment in the carrying value of the Organization's long-lived assets.

In accordance with GAAP, the Organization assesses the recoverability of the carrying amount of property and equipment if certain events or changes occur, such as a significant decrease in market value of the assets or a significant change in operating conditions. Based on its most recent analysis, the Organization believes no impairments existed at June 30, 2017 and 2016.

Broadcast Licenses

The Organization has one broadcast license agreement with the Federal Communications Commission. The license agreement provides the Organization the right to broadcast televised programs in the Cincinnati, Ohio, area.

Contributions

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor 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. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as unrestricted revenue.

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions (Continued)

Unconditional promises to give expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. Contributions receivable as of June 30, 2017 and 2016 are expected to be collected within one year. At June 30, 2017 and 2016, the provision for uncollectible contributions receivable was $50,000 and $48,000, respectively.

Community Service Grants

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grant-making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public telecommunications entities. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated Section 396(k)(7), (1983) Supplement. In any event, each grant must be expended within two years of the initial grant authorization.

The grants are reported on the accompanying financial statements as unrestricted operating funds; however, certain guidelines must be satisfied in connection with application for and use of the grants to maintain eligibility and compliance requirements. These guidelines pertain to the use of grant funds, record keeping, audits, financial reporting and licensee status with the Federal Communications Commission.

Government Grants

Support funded by state grants is recognized as the Organization performs the contracted services or incurs outlays eligible for reimbursement under the grant agreement. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Donated Goods and Services

The Organization records donated goods and services that meet the criteria for recognition as contributions at fair value on the date of donation. A substantial number of volunteers have made significant contributions of time to the Organization's policy-making, program and support functions. The value of this contributed time does not meet the criteria for recognition under existing accounting standards and, accordingly, is not reflected in the accompanying financial statements.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of Ohio law. However, it is subject to federal income tax on any unrelated business taxable income.

The Organization’s IRS Form 990 is subject to review and examination by federal and state authorities. The Organization believes it has appropriate support for any tax positions taken, and therefore, does not have any uncertain income tax positions that are material to the financial statements.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis on the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in the financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications

Certain 2016 figures have been reclassified to conform to the 2017 presentation.

Subsequent Events

The Organization has evaluated subsequent events through December 18, 2017, which is the date the financial statements were available to be issued.

NOTE 2 INVESTMENTS AT FAIR VALUE

Investments are summarized as follows:

	2017	2016
Level 1		
Equity mutual funds	$ 1,330,417	$ 1,516,840
Fixed income mutual funds	339,828	22,944
Level 2		
Money market funds	65,594	3,668
	$ 1,735,839	$ 1,543,452

Equity and Fixed Income Mutual Funds

Fair value of equity and fixed income mutual funds is estimated by reference to quoted market prices available in an active market. Equity and fixed income mutual funds are categorized as using Level 1 inputs.

Money Market Funds

Fair value for money market funds is estimated using the net asset value ("NAV") of shares held at year end. Money market funds are categorized as using Level 2 inputs.

NOTE 2 INVESTMENTS AT FAIR VALUE (CONTINUED)

Investment income is comprised of the following:

	2017	2016
Interest and dividends	$ 57,625	$ 78,539
Net realized and unrealized gain (loss) on investments	147,723	(56,396)
	$ 205,348	$ 22,143

NOTE 3 BENEFICIAL INTEREST IN PERPETUAL TRUST AT FAIR VALUE

The Organization is the beneficiary of trust held and administered by an independent trustee. Under the terms of the trust, the Organization has an irrevocable right to receive a portion of the income earned on the trust assets in perpetuity, but never receives the assets held in trust. The Organization's beneficial interest in perpetual trust is recorded at fair value using level 3 unobservable inputs.

The following table is a reconciliation of all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) at June 30:

Balance at June 30, 2015	$ 820,356
Change in value	(65,409)
Balance at June 30, 2016	754,947
Change in value	60,805
Balance at June 30, 2017	$ 815,752

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment as of June 30 consisted of the following:

	2017	2016
Buildings and improvements	$ 5,584,488	$ 5,584,488
Technical equipment	6,447,275	6,420,918
Tower, antenna, and transmitting equipment	3,740,534	3,677,808
Furniture, fixtures, and office equipment	1,141,491	1,128,607
Vehicles	58,485	58,485
Less accumulated depreciation	(15,318,328)	(14,868,930)
	$ 1,653,945	$ 2,001,376

Depreciation expense was $449,399 and $435,194 during the years ended June 30, 2017 and 2016, respectively.

NOTE 4 PROPERTY AND EQUIPMENT (CONTINUED)

The Organization has received funds through grants from agencies of the federal government for the purpose of acquiring property and equipment. The Federal Government has a ten-year interest in assets purchased with federal funds commencing at the date of the completion of a specific project. The following summarizes information related to the Organization's property and equipment subject to Federal Government interest as of June 30, 2017:

	Cost	Federal Interest	Expiration of Federal Interest
Technical equipment	$ 291,646	$ 145,823	11/1/2019
Technical equipment	554,850	277,425	10/1/2021
	$ 846,496	$ 423,248	

NOTE 5 LINE OF CREDIT

The Organization has a demand line of credit with Merrill Lynch, Bank of America Corporation. The maximum draw available on this credit facility is based on the value of collateralized investments held at the Bank which totaled $1,615,085 and $1,431,526 at June 30, 2017 and 2016, respectively. The maximum credit available on this facility totaled $849,076 and $847,301 at June 30, 2017 and 2016, respectively. Interest is charged on amounts borrowed against the line at the one-month LIBOR rate (1.22% and 0.47% at June 30, 2017 and 2016, respectively) plus 1.50%. There was no outstanding balance at June 30, 2017 and 2016.

NOTE 6 CAPITAL LEASE OBLIGATION

The Organization leased its telephone equipment under a capital lease which expired in September 2017 and at which time the Organization exercised its bargain purchase option. The assets and liabilities under the capital lease are recorded at the lower of the present value of the minimum lease payments or the fair value of the assets. The assets are amortized over the lower of the lease term or their estimated productive lives. Amortization of assets under the capital lease is included in depreciation expense for the years ended June 30, 2017 and 2016. The lease was for equipment with a total cost of $87,120. However, the Organization entered into a sublease with Cincinnati Public Radio for one half of the equipment, as described in Note 10. Therefore, equipment cost of $43,560 has been capitalized with related accumulated depreciation of $41,472 and $35,207 at June 30, 2017 and 2016, respectively. The future minimum lease payments required under the capital lease are $6,698 in 2018.

NOTE 7 TEMPORARILY RESTRICTED NET ASSETS

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

	2017	2016
Time restrictions	$ 85,738	$ 90,250
Programming activities	85,000	63,750
Capital projects	37,043	78,818
Education and training	29,500	2,000
	$ 237,281	$ 234,818

NOTE 8 PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are invested in perpetuity; however the income generated from these net assets are restricted as follows as of June 30:

	2017	2016
Capital projects	$ 815,752	$ 754,947
General operating activities	100,000	100,000
Programming activities	88,720	88,720
	$ 1,004,472	$ 943,667

NOTE 9 RETIREMENT PLANS

Defined Contribution Retirement Plan

The Organization sponsors a defined contribution retirement plan under the provisions of Internal Revenue Code Section 403(b) covering substantially all employees. Contributions to the plan during the years ended June 30, 2017 and 2016 were $28,232 and $30,302, respectively.

Defined Benefit Retirement Plan

The Organization has a noncontributory defined benefit pension plan covering all employees who meet certain eligibility requirements. Benefits are based upon years of service and the employee's compensation. The Organization funding policy is to make the minimum annual contribution that is required by applicable regulations, plus any amounts the Organization determines to be appropriate from time to time. During 2009, the Organization froze the plan to new participants and ceased plan benefit accruals for existing participants as of May 1, 2009. The measurement dates used for pension obligations were June 30, 2017 and 2016.

The following table presents the changes in benefit obligations and changes in plan assets for the years ended June 30:

	2017	2016
Changes in benefit obligation:		
Benefit obligation, beginning of year	$ 7,300,065	$ 6,768,374
Interest cost	232,400	265,314
Actuarial loss (gain)	(404,064)	520,303
Benefits paid	(302,264)	(253,926)
Benefit obligation, end of year	$ 6,826,137	$ 7,300,065
Changes in plan assets:		
Fair value of plan assets, beginning of year	$ 4,728,967	$ 4,978,801
Actual return on plan assets	597,088	(50,370)
Employer contributions	112,500	54,462
Benefits paid	(302,264)	(253,926)
Fair value of plan assets, end of year	$ 5,136,291	$ 4,728,967

NOTE 9 RETIREMENT PLANS (CONTINUED)

Defined Benefit Retirement Plan (Continued)

The funded status and amounts recognized in the Organization's statements of financial position at June 30 were as follows:

	2017	2016
Projected benefit obligation	$ 6,826,137	$ 7,300,065
Fair value of plan assets	5,136,291	4,728,967
Accrued pension benefit obligation	$ 1,689,846	$ 2,571,098

Significant assumptions used in accounting for the pension plan as of June 30 were as follows:

	2017	2016
Discount rate for benefit obligation	3.50%	3.25%
Discount rate for net periodic benefit cost	3.25%	4.00%
Expected return on plan assets	5.50%	7.75%

The components of net periodic benefit cost (credit) recognized in the statements of activities and changes in net assets for the years ended June 30 were as follows:

	2017	2016
Interest cost	$ 232,400	$ 265,314
Actual return on plan assets	(255,997)	(381,660)
Amortization of net actuarial loss	278,869	163,766
	$ 255,272	$ 47,420

The Organization expects to contribute $150,000 to the pension plan during the year ended June 30, 2018.

The following benefit payments are expected to be paid:

2018	$ 341,776
2019	365,682
2020	396,152
2021	405,996
2022	409,783
2023 - 2027	2,028,459
	$ 3,947,848

The Plan has unrecognized loss subject to amortization totaling $1,713,838 and $2,737,862 as of June 30, 2017 and 2016, respectively. The net loss which will be amortized as a component of net periodic pension cost during the next fiscal year totals $165,526.

NOTE 9 RETIREMENT PLANS (CONTINUED)

Plan Assets

The Organization has investment guidelines for plan assets. The overall objective of the guidelines is to ensure the plan assets provide capital growth over an extended period of time, while also considering market risks and ensuring that the portfolio income and liquidity are appropriate to meet the plan benefit payments and other expenses. The plan investments are required to be diversified by asset class and within each asset class, in order to ensure that no single investment will have a disproportionate impact on the total portfolio. The plan asset allocation is reviewed each year with current market assumptions to ensure the asset mix will achieve the long-term goals of the plan. The plans target allocation is 70% equity securities and 30% debt securities, with an acceptable range of 35% to 85% for equity securities and a range of 15% to 65% for debt securities.

The following table sets forth by level within the fair value hierarchy, the Plan's assets at fair value as of June 30:

	2017	2016
Level 1		
Equity mutual funds	$ 3,927,420	$ 3,496,227
Fixed income mutual funds	1,157,062	1,142,894
Level 2		
Money market funds	51,809	89,846
	$ 5,136,291	$ 4,728,967

Equity and Fixed Income Mutual Funds

Fair value of equity and fixed income mutual funds is estimated by reference to quoted market prices available in an active market. Equity and fixed income and mutual funds are categorized as using Level 1 inputs.

Money Market Funds

Fair value for money market funds is estimated using the net asset value (“NAV”) of shares held at year end. Money market funds are categorized as using Level 2 inputs.

NOTE 10 RENTAL INCOME

The Organization leases office space and equipment to Cincinnati Public Radio under non-cancelable operating and capital lease agreements that expire through October 2019. Rental income under these leases was $245,886 and $247,905 for the years ended June 30, 2017 and 2016, respectively. Future annual minimum lease receipts at June 30, 2017 are as follows: 2018 - $250,236; 2019 - $250,236; and 2020 - $83,412.

NOTE 11 ENDOWMENT

The Organization’s endowment consists of various donor-restricted endowment funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

NOTE 11 ENDOWMENT (CONTINUED)

Changes in the endowment net assets for the years ended June 30, 2017 and 2016 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - 6/30/15	$ -	$ -	$ 188,720	$ 188,720
Investment return:				
Interest and dividends, net	9,603	-	-	9,603
Losses on investments	(6,896)	-	-	(6,896)
Appropriations for expenditure	(2,707)	-	-	(2,707)
Endowment net assets - 6/30/16	-	-	188,720	188,720
Investment return:				
Interest and dividends, net	6,265	-	-	6,265
Gains on investments	16,060	-	-	16,060
Appropriations for expenditure	(22,325)	-	-	(22,325)
Endowment net assets - 6/30/17	$ -	$ -	$ 188,720	$ 188,720

Interpretation of Relevant Law

The Board of Trustees of the of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as unrestricted net assets.

Investment Policy

Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity. Under this policy, the primary objective is to provide for preservation of capital with an emphasis on long-term growth without undue exposure to risk. The return objective is to achieve a total return, net of fees, in excess of spending and inflation greater than the consumer price index plus 4%. To satisfy its long-term rate-of-return objectives, the Organization 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 Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy

The Organization's current spending policy is to transfer all investment return into the unrestricted investments as stipulated by the donors at the time of the gift. The Board of Trustees approves the use of unrestricted investments assets to meet operating needs.

NOTE 12 RELATED PARTY TRANSACTIONS

The Organization has an employee sharing arrangement with Greater Dayton Public Television (GDPT) which provides for the allocation of salaries and benefits between the Organization and GDPT. For the years ended June 30, 2017 and 2016, $389,347 and $303,808, respectively, was the net amount paid by the Organization for salaries and benefits on behalf of GDPT. The net amount due from GDPT for these allocations as of June 30, 2017 and 2016 were $389,347 and $303,808, respectively, and is included in due from related party on the statement of financial position. The allocation of costs is based upon management's estimate of resources used.

Additionally, the Organization will occasionally transfer funds to or receive funds from Public Media Connect (PMC) to cover certain operating expenses. During 2017 and 2016, PMC transferred $35,000 and $29,028 to the Organization, respectively. These amounts are included in memberships and other contributions on the statement of activities. As of June 30, 2017 and 2016, PMC owed the Organization a net amount of $63,056 and $68,250, respectively. These amounts are recognized as due from related party on the statement of financial position.

NOTE 13 SIGNIFICANT CONCENTRATIONS

The Corporation for Public Broadcasting (CPB) is a major source of funding for the Organization. The Organization received $965,365 and $969,001 from CPB, representing approximately 16% and 17% of total revenue and support for 2017 and 2016, respectively

SUPPLEMENTAL INFORMATION

THE GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

Statement of Broadcasting and Telecommunication Service Expenses
Year Ended June 30, 2017

	Technical	Programming	Education Services	Production	Promotions	Total
Salaries	$ 292,905	$ 154,432	$ 150,692	$ 386,547	$ 131,666	$ 1,116,242
Program acquisitions	-	852,384	-	-	-	852,384
Depreciation	349,729	202	-	68,547	-	418,478
In-kind services	385,337	-	-	-	-	385,337
Utilities	241,421	-	-	-	-	241,421
Benefits	50,975	29,784	38,768	82,033	28,813	230,373
Repair and maintenance	68,987	6,005	56	34,043	-	109,091
Memberships	-	89,863	71	17,475	-	107,409
Production fees	-	-	3,000	63,867	-	66,867
Supplies	475	-	28,037	23,443	254	52,209
Professional fees	331	32,323	2,100	14,873	985	50,612
Educational fees	-	-	37,931	-	-	37,931
Travel and training	2,417	2,939	14,547	15,603	2,176	37,682
Rent	350	-	1,132	31,478	-	32,960
Printing	-	-	3,366	-	21,530	24,896
Advertising	-	-	-	-	21,511	21,511
Postage and shipping	331	124	2,067	115	13,440	16,077
Consulting fees	-	-	187	6,560	4,425	11,172
Miscellaneous	-	-	-	7,288	-	7,288
Receptions	-	-	2,669	2,685	150	5,504
Outside labor	-	-	-	4,000	-	4,000
Board of trustees	-	-	-	169	-	169
	$ 1,393,258	$ 1,168,056	$ 284,623	$ 758,726	$ 224,950	$ 3,829,613

See independent auditors' report

THE GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

Statement of Broadcasting and Telecommunication Service Expenses
Year Ended June 30, 2016

	Technical	Programming	Education Services	Production	Promotions	Total
Salaries	$ 320,909	$ 148,954	$ 140,307	$ 446,403	$ 130,080	$ 1,186,653
Program acquisitions	-	863,644	-	-	-	863,644
Depreciation	334,137	-	5,331	64,095	-	403,563
In-kind services	573,698	-	-	-	-	573,698
Utilities	116,837	-	-	-	-	116,837
Benefits	58,002	28,591	36,331	96,503	28,835	248,262
Repair and maintenance	59,909	-	1,135	5,232	-	66,276
Memberships	-	98,755	90	14,825	-	113,670
Production fees	-	-	5,650	33,810	-	39,460
Supplies	2,020	39	28,493	11,391	628	42,571
Professional fees	1,398	11,182	-	10,110	-	22,690
Educational fees	-	-	45,621	-	-	45,621
Travel and training	2,924	1,027	15,542	6,783	1,121	27,397
Rent	35	-	-	33,678	-	33,713
Printing	-	-	4,025	-	17,722	21,747
Advertising	-	-	4,240	2,000	17,299	23,539
Postage and shipping	264	136	1,962	93	8,658	11,113
Consulting fees	-	-	359	6,353	4,327	11,039
Miscellaneous	-	-	91	1,189	-	1,280
Receptions	-	-	5,020	4,999	-	10,019
Outside labor	-	-	-	15,700	-	15,700
Commissions	-	-	-	2,320	-	2,320
	$ 1,470,133	$ 1,152,328	$ 294,197	$ 755,484	$ 208,670	$ 3,880,812

See independent auditors' report

THE GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

Statement of Fundraising Expenses
Year Ended June 30, 2017

	Marketing	Member Services	Auctions and Special Events	Total
Salaries	$ 70,643	$ 287,986	$ 76,838	$ 435,467
In-kind services	201,697	-	39,080	240,777
Promotional incentives	-	119,858	-	119,858
Benefits	10,955	64,347	19,992	95,294
Direct mail fees	2,108	82,822	-	84,930
Postage and shipping	82	45,099	2,140	47,321
Receptions	18	6,973	30,257	37,248
Commissions	-	15,233	270	15,503
Travel and training	1,046	12,170	396	13,612
Printing services	-	8,674	2,911	11,585
Bad debt	10,670	-	-	10,670
Supplies	154	7,251	2,325	9,730
Purchased items	-	-	7,976	7,976
Repair and maintenance	-	2,241	4,620	6,861
Outside labor	-	-	5,962	5,962
Board of trustees	-	2,269	2,038	4,307
Professional Fees	-	3,000	-	3,000
Facility and equipment rent	-	-	2,177	2,177
Bank service fees	-	30	1,566	1,596
Consulting fees	-	988	-	988
Memberships	135	270	45	450
Advertising	-	221	-	221
Program acquisitions	-	171	-	171
	$ 297,508	$ 659,603	$ 198,593	$ 1,155,704

See independent auditors' report

THE GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

Statement of Fundraising Expenses
Year Ended June 30, 2016

	Marketing	Member Services	Auctions and Special Events	Total
Salaries	$ 54,710	$ 276,771	$ 84,612	$ 416,093
In-kind services	156,969	-	23,700	180,669
Promotional incentives	-	119,676	75	119,751
Benefits	14,648	62,682	13,676	91,006
Direct mail fees	-	77,557	-	77,557
Postage and shipping	7	42,031	3,084	45,122
Receptions	-	4,611	27,458	32,069
Commissions	-	27,047	1,313	28,360
Travel and training	1,949	12,375	1,113	15,437
Printing services	317	13,472	3,836	17,625
Supplies	516	3,019	2,466	6,001
Purchased items	-	-	1,837	1,837
Repair and maintenance	-	-	2,500	2,500
Outside labor	-	-	8,334	8,334
Board of trustees	-	537	1,339	1,876
Facility and equipment rent	-	-	10,238	10,238
Memberships	250	532	105	887
Advertising	20	-	-	20
	$ 229,386	$ 640,310	$ 185,686	$ 1,055,382

See independent auditors' report

THE GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

Statements of Administrative Expenses
Years Ended June 30, 2017 and 2016

	2017	2016
Salaries	$ 332,123	$ 336,320
Repair and maintenance	95,276	96,945
Benefits	62,836	65,847
Professional fees	61,928	102,259
Insurance	48,585	55,003
Bank fees	47,933	46,054
Utilities	42,802	150,264
Office equipment rent	31,913	28,041
Depreciation	30,921	31,632
Memberships	22,405	17,586
Investment fees	14,926	13,968
Supplies	9,149	10,831
Travel and training	4,516	2,932
Interest expense	3,542	4,631
Board of trustees	1,710	8,127
Receptions	1,361	917
Postage and shipping	993	1,170
Recruitment	801	1,092
Outside labor	463	(5,576)
Printing services	414	1,209
Commissions	290	-
Production fees	143	-
Bad debt expense (recovery)	-	(5,000)
	$ 815,030	$ 964,252

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