

The Greater Cincinnati Television Educational Foundation

**Financial Statements with
Supplemental Information
June 30, 2018 and 2017 and
Independent Auditors' Report**

THE GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION
June 30, 2018 and 2017

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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, 2018 and 2017, 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, 2018 and 2017, 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 service 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 19, 2018
Cincinnati, Ohio

THE GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

**Statements of Financial Position
June 30, 2018 and 2017**

	2018	2017
Assets		
Cash	\$ 218,692	\$ 125,130
Accounts receivable, net	218,498	233,167
Contributions receivable, net	164,998	91,941
Due from related parties	744,599	452,403
Prepaid expense	76,999	67,379
Investments	1,847,088	1,735,839
Beneficial interest in perpetual trust	829,326	815,752
Property and equipment, net	1,708,532	1,653,945
Total assets	\$ 5,808,732	\$ 5,175,556
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 91,401	\$ 87,120
Accrued expenses	200,333	203,898
Deferred support and revenue	19,007	60,800
Capital lease obligation	-	6,670
Accrued pension benefit obligation	1,041,999	1,689,846
Total liabilities	1,352,740	2,048,334
Net Assets		
Unrestricted	3,098,952	1,885,469
Temporarily restricted	338,994	237,281
Permanently restricted	1,018,046	1,004,472
Total net assets	4,455,992	3,127,222
Total liabilities and net assets	\$ 5,808,732	\$ 5,175,556

The accompanying notes are an integral part of these statements

THE GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

Statement of Activities Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue				
Support:				
Corporation for Public Broadcasting: Community Service Grant and Interconnect reimbursement	\$ 1,005,358	\$ -	\$ -	\$ 1,005,358
eTech Ohio:				
Operating subsidy	171,416	-	-	171,416
Educational subsidy	182,343	-	-	182,343
In-kind donations	598,872	-	-	598,872
Total support	<u>1,957,989</u>	<u>-</u>	<u>-</u>	<u>1,957,989</u>
Revenue:				
Memberships and other contributions	2,479,409	208,500	-	2,687,909
Donated services	5,000	-	-	5,000
Acquired program sponsorship and underwriting	315,903	-	-	315,903
Auction and special events	407,382	-	-	407,382
Contract production services	234,270	-	-	234,270
Educational services	254,941	-	-	254,941
Rental income	236,390	-	-	236,390
Investment income	134,512	-	-	134,512
Promotion and miscellaneous	7,322	273,084	-	280,406
Change in value of trust	-	-	13,574	13,574
Total revenue	<u>4,075,129</u>	<u>481,584</u>	<u>13,574</u>	<u>4,570,287</u>
Net assets released from restrictions	<u>379,871</u>	<u>(379,871)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>6,412,989</u>	<u>101,713</u>	<u>13,574</u>	<u>6,528,276</u>
Expenses				
Broadcasting and telecommunication service	3,752,023	-	-	3,752,023
Fundraising	1,094,392	-	-	1,094,392
Administrative	850,938	-	-	850,938
Total expenses	<u>5,697,353</u>	<u>-</u>	<u>-</u>	<u>5,697,353</u>
Change in net assets before pension adjustment	715,636	101,713	13,574	830,923
Change in pension benefit obligation	<u>497,847</u>	<u>-</u>	<u>-</u>	<u>497,847</u>
Change in net assets	1,213,483	101,713	13,574	1,328,770
Net assets, beginning of year	<u>1,885,469</u>	<u>237,281</u>	<u>1,004,472</u>	<u>3,127,222</u>
Net assets, end of year	<u>\$ 3,098,952</u>	<u>\$ 338,994</u>	<u>\$ 1,018,046</u>	<u>\$ 4,455,992</u>

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	<u>1,817,665</u>	<u>-</u>	<u>-</u>	<u>1,817,665</u>
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	<u>4,068,738</u>	<u>139,543</u>	<u>60,805</u>	<u>4,269,086</u>
Net assets released from restrictions	137,080	(137,080)	-	-
Total support and revenue	<u>6,023,483</u>	<u>2,463</u>	<u>60,805</u>	<u>6,086,751</u>
Expenses				
Broadcasting and telecommunication service	3,827,750	-	-	3,827,750
Fundraising	1,157,704	-	-	1,157,704
Administrative	814,893	-	-	814,893
Total expenses	<u>5,800,347</u>	<u>-</u>	<u>-</u>	<u>5,800,347</u>
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	<u>\$ 1,885,469</u>	<u>\$ 237,281</u>	<u>\$ 1,004,472</u>	<u>\$ 3,127,222</u>

The accompanying notes are an integral part of these statements

THE GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

**Statements of Cash Flows
Years Ended June 30, 2018 and 2017**

	2018	2017
Cash flows from operating activities		
Change in net assets	\$ 1,328,770	\$ 1,004,047
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	380,882	449,399
Net realized and unrealized gains on investments	(67,823)	(147,723)
Gain on beneficial interest in perpetual trust	(13,574)	(60,805)
Changes in:		
Accounts and contributions receivable	(58,388)	(65,684)
Due from related parties	(292,196)	(80,345)
Prepaid expense	(9,620)	(32,320)
Accounts payable and accrued expenses	716	38,942
Deferred support and revenue	(41,793)	(13,207)
Accrued pension benefit obligation	(647,847)	(881,252)
Net cash provided by operating activities	579,127	211,052
Cash flows from investing activities		
Purchase of equipment	(435,469)	(101,968)
Purchase of investments	(557,701)	(1,173,673)
Proceeds from sale of investments	514,275	1,129,009
Net cash used in investing activities	(478,895)	(146,632)
Cash flows from financing activities		
Proceeds from line of credit	130,939	441,260
Payments on line of credit	(130,939)	(441,260)
Principal payments on capital lease obligation	(6,670)	(17,157)
Net cash used by financing activities	(6,670)	(17,157)
Net change in cash	93,562	47,263
Cash, beginning of year	125,130	77,867
Cash, end of year	\$ 218,692	\$ 125,130
Supplemental information		
Cash paid for interest	\$ 1,629	\$ 3,542

The accompanying notes are an integral part of these statements

THE GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

Notes to Financial 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.

THE GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

Notes to Financial Statements (Continued)

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. There was no provision for uncollectible accounts at June 30, 2018 and 2017.

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, 2018 and 2017.

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.

THE GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

Notes to Financial Statements (Continued)

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, 2018 and 2017 are expected to be collected within one year. At June 30, 2018 and 2017, the provision for uncollectible contributions receivable was \$28,845 and \$50,000, 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.

THE GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

Notes to Financial Statements (Continued)

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 2017 figures have been reclassified to conform to the 2018 presentation.

Subsequent Events

The Organization has evaluated subsequent events through December 19, 2018, which is the date the financial statements were available to be issued.

NOTE 2 INVESTMENTS AT FAIR VALUE

Investments are summarized as follows:

	<u>2018</u>	<u>2017</u>
Level 1		
Equity mutual funds	\$ 1,336,268	\$ 1,330,417
Fixed income mutual funds	435,583	339,828
Level 2		
Money market funds	<u>75,237</u>	<u>65,594</u>
	<u>\$ 1,847,088</u>	<u>\$ 1,735,839</u>

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.

THE GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

**Notes to Financial Statements
(Continued)**

NOTE 2 INVESTMENTS AT FAIR VALUE (CONTINUED)

Investment income is comprised of the following:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 66,689	\$ 57,625
Net realized and unrealized gains on investments	<u>67,823</u>	<u>147,723</u>
	<u><u>\$ 134,512</u></u>	<u><u>\$ 205,348</u></u>

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, 2016	\$ 754,947
Change in value	<u>60,805</u>
Balance at June 30, 2017	815,752
Change in value	<u>13,574</u>
Balance at June 30, 2018	<u><u>\$ 829,326</u></u>

NOTE 4 PROPERTY AND EQUIPMENT

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

	<u>2018</u>	<u>2017</u>
Technical equipment	\$ 6,557,046	\$ 6,447,275
Buildings and improvements	5,584,488	5,584,488
Tower, antenna, and transmitting equipment	3,737,742	3,737,742
Furniture, fixtures, and office equipment	1,179,970	1,141,491
Vehicles	58,485	58,485
Construction in progress	290,013	2,792
Less accumulated depreciation	<u>(15,699,212)</u>	<u>(15,318,328)</u>
	<u><u>\$ 1,708,532</u></u>	<u><u>\$ 1,653,945</u></u>

Depreciation expense was \$380,882 and \$449,399 during the years ended June 30, 2018 and 2017, respectively.

THE GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

Notes to Financial Statements (Continued)

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, 2018:

	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 \$1,718,688 and \$1,615,085 at June 30, 2018 and 2017, respectively. The maximum credit available on this facility totaled \$957,186 and \$849,076 at June 30, 2018 and 2017, respectively. Interest is charged on amounts borrowed against the line at the one-month LIBOR rate (1.50% and 1.22% at June 30, 2018 and 2017, respectively) plus 1.50%. There was no outstanding balance at June 30, 2018 and 2017.

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, 2018 and 2017. 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 \$43,560 and \$41,472 at June 30, 2018 and 2017, respectively.

NOTE 7 TEMPORARILY RESTRICTED NET ASSETS

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

	2018	2017
Capital projects	\$ 170,543	\$ 37,043
Programming activities	85,000	85,000
Time restrictions	81,451	85,738
Education and training	2,000	29,500
	\$ 338,994	\$ 237,281

THE GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

Notes to Financial Statements (Continued)

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:

	2018	2017
Capital projects	\$ 829,326	\$ 815,752
General operating activities	100,000	100,000
Programming activities	88,720	88,720
	\$ 1,018,046	\$ 1,004,472

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, 2018 and 2017 were \$28,493 and \$28,232, 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, 2018 and 2017.

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

	2018	2017
Changes in benefit obligation:		
Benefit obligation, beginning of year	\$ 6,826,137	\$ 7,300,065
Interest cost	232,985	232,400
Actuarial gain	(375,941)	(404,064)
Benefits paid	(289,353)	(302,264)
	\$ 6,393,828	\$ 6,826,137
Changes in plan assets:		
Fair value of plan assets, beginning of year	\$ 5,136,291	\$ 4,728,967
Actual return on plan assets	402,037	597,088
Employer contributions	102,854	112,500
Benefits paid	(289,353)	(302,264)
	\$ 5,351,829	\$ 5,136,291

THE GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

**Notes to Financial Statements
(Continued)**

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:

	<u>2018</u>	<u>2017</u>
Projected benefit obligation	\$ 6,393,828	\$ 6,826,137
Fair value of plan assets	<u>5,351,829</u>	<u>5,136,291</u>
Accrued pension benefit obligation	<u>\$ 1,041,999</u>	<u>\$ 1,689,846</u>

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

	<u>2018</u>	<u>2017</u>
Discount rate for benefit obligation	3.96%	3.50%
Discount rate for net periodic benefit cost	3.50%	3.25%
Expected return on plan assets	5.50%	5.50%

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:

	<u>2018</u>	<u>2017</u>
Interest cost	\$ 232,985	\$ 232,400
Actual return on plan assets	(277,293)	(255,997)
Amortization of net actuarial loss	<u>165,526</u>	<u>278,869</u>
	<u>\$ 121,218</u>	<u>\$ 255,272</u>

The Organization expects to contribute \$150,000 to the pension plan during the year ended June 30, 2019.

The following benefit payments are expected to be paid:

2019	\$ 375,696
2020	405,155
2021	412,200
2022	413,276
2023	411,571
2024 - 2028	<u>2,020,851</u>
	<u>\$ 4,038,749</u>

The Plan has unrecognized loss subject to amortization totaling \$1,047,627 and \$1,713,838 as of June 30, 2018 and 2017, respectively. The net loss which will be amortized as a component of net periodic pension cost during the next fiscal year totals \$71,748.

THE GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

Notes to Financial Statements (Continued)

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:

	2018	2017
Level 1		
Equity mutual funds	\$ 3,953,394	\$ 3,927,420
Fixed income mutual funds	1,231,372	1,157,062
Level 2		
Money market funds	167,063	51,809
	<u>\$ 5,351,829</u>	<u>\$ 5,136,291</u>

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 \$236,390 and \$245,886 for the years ended June 30, 2018 and 2017, respectively. Future annual minimum lease receipts at June 30, 2018 are as follows: 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.

THE GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

Notes to Financial Statements (Continued)

NOTE 11 ENDOWMENT (CONTINUED)

Changes in the endowment net assets for the years ended June 30, 2018 and 2017 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
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	<u>(22,325)</u>	-	-	<u>(22,325)</u>
Endowment net assets - 6/30/17	-	-	188,720	188,720
Investment return:				
Interest and dividends, net	6,814	-	-	6,814
Gains on investments	6,930	-	-	6,930
Appropriations for expenditure	<u>(13,744)</u>	-	-	<u>(13,744)</u>
Endowment net assets - 6/30/18	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 188,720</u>	<u>\$ 188,720</u>

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.

THE GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

Notes to Financial Statements (Continued)

NOTE 12 RELATED PARTY TRANSACTIONS

Public Media Connect (PMC) is the sole member of the Organization, Greater Dayton Public Television (GDPT) and Southwestern Ohio Instructional Technology Association (SOITA).

The Organization has an employee sharing arrangement with GDPT which provides for the allocation of salaries and benefits between the Organization and GDPT. For the years ended June 30, 2018 and 2017, \$287,016 and \$389,347, 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, 2018 and 2017 were \$676,363 and \$389,347, 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 PMC to cover certain operating expenses. During 2018 and 2017, PMC transferred \$131,323 and \$35,000 to the Organization, respectively. These amounts are included in memberships and other contributions on the statement of activities. As of June 30, 2018 and 2017, PMC owed the Organization a net amount of \$68,236 and \$63,056, 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 \$1,005,358 and \$965,365 from CPB, representing approximately 15% and 16% of total revenue and support for 2018 and 2017, respectively

SUPPLEMENTAL INFORMATION

THE GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

**Statement of Broadcasting and
Telecommunication Service Expenses
Year Ended June 30, 2018**

	Technical	Programming	Education Services	Production	Promotions	Total
Salaries	\$ 249,036	\$ 153,077	\$ 156,307	\$ 468,871	\$ 136,299	\$ 1,163,590
Program acquisitions	-	852,311	-	45	-	852,356
In-kind	400,858	-	-	-	-	400,858
Depreciation	292,436	-	4,666	56,096	-	353,198
Benefits	49,604	28,490	37,671	99,619	30,750	246,134
Utilities	212,859	-	-	6,601	-	219,460
Memberships	-	100,000	448	18,407	606	119,461
Repairs and maintenance	73,194	-	3,150	41,242	-	117,586
Production fees	-	-	1,350	45,851	-	47,201
Educational fees	-	-	46,967	-	-	46,967
Travel and training	2,401	3,655	18,524	10,797	1,470	36,847
Supplies	354	24	20,729	12,172	582	33,861
Printing	-	-	5,720	18	22,475	28,213
Professional fees	-	18,096	5,012	3,246	-	26,354
Postage and shipping	630	5	1,894	93	17,454	20,076
Advertising	-	-	-	-	19,507	19,507
Miscellaneous	1,187	-	3,094	10,609	5,464	20,354
	<u>\$ 1,282,559</u>	<u>\$ 1,155,658</u>	<u>\$ 305,532</u>	<u>\$ 773,667</u>	<u>\$ 234,607</u>	<u>\$ 3,752,023</u>

See independent auditors' report

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	\$ 390,547	\$ 131,666	\$ 1,120,242
Program acquisitions	-	852,384	-	-	-	852,384
Depreciation	345,043	-	5,505	66,187	-	416,735
In-kind	385,337	-	-	-	-	385,337
Utilities	241,421	-	-	-	-	241,421
Benefits	50,975	29,784	38,768	82,033	28,813	230,373
Repairs and maintenance	68,987	6,005	56	33,923	-	108,971
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	14,986	985	50,725
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	-	-	2,669	10,029	150	12,848
	<u>\$ 1,388,572</u>	<u>\$ 1,167,854</u>	<u>\$ 290,128</u>	<u>\$ 756,246</u>	<u>\$ 224,950</u>	<u>\$ 3,827,750</u>

See independent auditors' report

THE GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

**Statement of Fundraising Expenses
Year Ended June 30, 2018**

	<u>Marketing</u>	<u>Member Services</u>	<u>Auctions and Special Events</u>	<u>Total</u>
Salaries	\$ 69,505	\$ 292,963	\$ 97,812	\$ 460,280
In-kind	198,014	-	5,000	203,014
Postage and shipping	226	141,345	2,571	144,142
Benefits	11,418	67,018	28,764	107,200
Promotional incentives	-	82,760	-	82,760
Receptions	112	8,645	29,600	38,357
Commissions	-	23,239	580	23,819
Supplies	90	10,923	2,362	13,375
Repairs and maintenance	-	-	11,146	11,146
Printing	20	5,882	4,417	10,319
Miscellaneous	2,479	(4,781)	2,282	(20)
	<u>\$ 281,864</u>	<u>\$ 627,994</u>	<u>\$ 184,534</u>	<u>\$ 1,094,392</u>

See independent auditors' report

THE GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

**Statement of Fundraising Expenses
Year Ended June 30, 2017**

	<u>Marketing</u>	<u>Member Services</u>	<u>Auctions and Special Events</u>	<u>Total</u>
Salaries	\$ 70,643	\$ 287,986	\$ 82,800	\$ 441,429
In-kind	201,697	-	39,080	240,777
Postage and shipping	82	130,029	2,140	132,251
Promotional incentives	-	119,858	-	119,858
Benefits	10,955	64,347	19,992	95,294
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	-	8,816	2,769	11,585
Miscellaneous	10,959	17,755	21,433	50,147
	<u>\$ 295,400</u>	<u>\$ 663,167</u>	<u>\$ 199,137</u>	<u>\$ 1,157,704</u>

See independent auditors' report

THE GREATER CINCINNATI TELEVISION EDUCATIONAL FOUNDATION

**Statements of Administrative Expenses
Years Ended June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Salaries	\$ 351,933	\$ 332,586
Professional fees	130,399	124,787
Repairs and maintenance	76,635	95,396
Benefits	69,726	63,126
Utilities	66,456	42,802
Insurance	51,340	48,585
Rent	30,046	31,913
Depreciation	27,684	32,664
Memberships	19,129	22,405
Travel and training	10,811	4,516
Miscellaneous	16,779	16,113
	<u>\$ 850,938</u>	<u>\$ 814,893</u>

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