Greater Cincinnati Television Educational Foundation

Financial Report
June 30, 2015

Contents

Independent Auditor's Report

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

Report on the Financial Statements
We have audited the accompanying financial statements of Greater Cincinnati Television Educational Foundation which comprise the statement of financial position as of June 30, 2015 and the related statements of activities and changes in net assets and cash flows for the year then ended and the related notes to the financial statements, (collectively, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 Greater Cincinnati Television Educational Foundation as of June 30, 2015 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter
The financial statements of Greater Cincinnati Television Educational Foundation, as of and for the year ended June 30, 2014, were audited by other auditors whose report dated October 16, 2014 expressed an unmodified opinion on those statements.

RSM US LLP

Dayton, Ohio
December 10, 2015

Greater Cincinnati Television Educational Foundation

Statements of Financial Position
June 30, 2015 and 2014

Assets	**2015**	2014
Cash	**$ 97,624**	$ 67,945
Accounts receivable, net of allowance	**228,819**	197,593
Contributions receivable, net of allowance	**69,510**	50,277
Due from related party	**200,000**	-
Prepaid expenses	**56,000**	51,650
Investments	**1,563,627**	1,558,927
Beneficial interest in perpetual trust	**820,356**	833,217
Building and equipment, net	**2,310,720**	2,751,447
Total assets	**$ 5,346,656**	$ 5,511,056
Liabilities and Net Assets		
Liabilities:		
Accounts payable, trade	**$ 73,103**	$ 134,922
Accrued expenses	**167,893**	202,537
Deferred support and revenue	**80,570**	26,399
Capital lease obligation	**40,985**	55,242
Accrued pension benefit obligation	**1,789,573**	1,262,514
Total liabilities	**2,152,124**	1,681,614
Net assets:		
Unrestricted	**1,842,900**	2,615,680
Temporarily restricted	**342,556**	291,825
Permanently restricted	**1,009,076**	921,937
Total net assets	**3,194,532**	3,829,442
Total liabilities and net assets	**$ 5,346,656**	$ 5,511,056

See notes to financial statements.

Greater Cincinnati Television Educational Foundation

Statement of Activities and Changes in Net Assets
Year Ended June 30, 2015 (With Comparative Totals for 2014)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2015	Total 2014
Support:					
Corporation for Public Broadcasting:					
Community Service Grant and Interconnect reimbursement	$ 991,161	$ -	$ -	**$ 991,161**	$ 870,920
Public Broadcasting Service	-	-	-	**-**	23,600
eTech Ohio:					
Operating Subsidy	105,441	-	-	**105,441**	105,441
Educational Subsidy	182,336	-	-	**182,336**	182,335
In-kind donations (contra in expense)	298,555	-	-	**298,555**	270,726
Total support	1,577,493	-	-	**1,577,493**	1,453,022
Revenue:					
Memberships and other contributions	2,131,956	247,228	100,000	**2,479,184**	2,102,275
Donated services (contra in expense)	101,920	-	-	**101,920**	112,488
Acquired program sponsorship and underwriting	268,379	-	-	**268,379**	242,267
Auction and special events	195,823	-	-	**195,823**	431,321
Contract production services	296,983	-	-	**296,983**	403,650
Educational services	262,333	-	-	**262,333**	277,311
Rental income	250,483	-	-	**250,483**	289,406
Interest and dividends	52,880	-	-	**52,880**	40,660
Unrealized gain (loss) on investments	(392,070)	-	-	**(392,070)**	53,025
Realized gain on investments	397,520	-	-	**397,520**	178,686
Promotion and miscellaneous	10,592	-	-	**10,592**	96,106
Loss on disposal of equipment	(25,200)	-	-	**(25,200)**	-
Change in value of beneficial interest in perpetual trust	-	-	(12,861)	**(12,861)**	74,425
Total revenue	3,551,599	247,228	87,139	**3,885,966**	4,301,620
Net assets released from restrictions	196,497	(196,497)	-	**-**	-
Total support and revenue	5,325,589	50,731	87,139	**5,463,459**	5,754,642
Expense:					
Broadcasting and telecommunication service	3,468,555	-	-	**3,468,555**	3,482,710
Fundraising	912,438	-	-	**912,438**	829,075
Administrative	995,683	-	-	**995,683**	967,029
Total expense	5,376,676	-	-	**5,376,676**	5,278,814
Changes in net assets before pension adjustment	(51,087)	50,731	87,139	**86,783**	475,828
Change in pension benefit obligation	(721,693)	**-**	**-**	**(721,693)**	111,133
Change in net assets	(772,780)	50,731	87,139	**(634,910)**	586,961
Net assets:					
Beginning	2,615,680	291,825	921,937	**3,829,442**	3,242,481
Ending	$ 1,842,900	$ 342,556	$ 1,009,076	**$ 3,194,532**	$ 3,829,442

See notes to financial statements.

Greater Cincinnati Television Educational Foundation

Statement of Activities and Changes in Net Assets
Year Ended June 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support:				
Corporation for Public Broadcasting:				
Community Service Grant and Interconnect reimbursement	$ 870,920	$ -	$ -	$ 870,920
Public Broadcasting Service	23,600	-	-	23,600
eTech Ohio:				
Operating Subsidy	105,441	-	-	105,441
Educational Subsidy	182,335	-	-	182,335
In-kind donations (contra in expense)	270,726	-	-	270,726
Total support	1,453,022	-	-	1,453,022
Revenue:				
Memberships and other contributions	1,896,434	205,841	-	2,102,275
Donated services (contra in expense)	112,488	-	-	112,488
Acquired program sponsorship and underwriting	242,267	-	-	242,267
Auction and special events	431,321	-	-	431,321
Contract production services	353,650	50,000	-	403,650
Educational services	238,693	38,618	-	277,311
Rental income	289,406	-	-	289,406
Interest and dividends	40,660	-	-	40,660
Unrealized gain on investments	53,025	-	-	53,025
Realized gain on investments	178,686	-	-	178,686
Promotion and miscellaneous	96,106	-	-	96,106
Change in value of beneficial interest in perpetual trust	-	-	74,425	74,425
Total revenue	3,932,736	294,459	74,425	4,301,620
Net assets released from restrictions	111,216	(111,216)	-	-
Total support and revenue	5,496,974	183,243	74,425	5,754,642
Expense:				
Broadcasting and telecommunication service	3,482,710	-	-	3,482,710
Fundraising	829,075	-	-	829,075
Administrative	967,029	-	-	967,029
Total expense	5,278,814	-	-	5,278,814
Changes in net assets before pension adjustment	218,160	183,243	74,425	475,828
Change in pension benefit obligation	111,133	-	-	111,133
Change in net assets	329,293	183,243	74,425	586,961
Net assets:				
Beginning	2,286,387	108,582	847,512	3,242,481
Ending	$ 2,615,680	$ 291,825	$ 921,937	$ 3,829,442

See notes to financial statements.

Greater Cincinnati Television Educational Foundation

Statements of Cash Flows
Years Ended June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Change in net assets	**$ (634,910)**	$ 586,961
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	**489,358**	557,577
Loss on disposal of equipment	**25,200**	-
Proceeds from capital grants	**-**	(23,600)
Unrealized loss (gain) on investments	**392,070**	(53,025)
Realized gain on investments	**(397,520)**	(178,686)
(Loss) Gain on beneficial interest in perpetual trust	**12,861**	(74,425)
Proceeds from sale of donated investments	**-**	18,341
Increase (decrease) in cash arising from changes in assets and liabilities:		
Accounts and contributions receivable	**(50,459)**	(18,126)
Due from related party	**(200,000)**	-
Prepaid expenses	**(4,350)**	9,844
Accounts payable and accrued expenses	**(96,463)**	(132,192)
Deferred support and revenue	**54,171**	(7,888)
Accrued pension benefit obligation	**527,059**	(230,705)
Net cash provided by operating activities	**117,017**	454,076
Cash flows from investing activities:		
Purchase of equipment	**(73,831)**	(115,736)
Purchase of investments	**(2,995,101)**	(34,814)
Proceeds from sale of investments	**2,995,851**	247,037
Net cash (used in) provided by investing activities	**(73,081)**	96,487
Cash flows from financing activities:		
Proceeds from capital grants	**-**	23,600
Principal payments on capital lease	**(14,257)**	(16,538)
Net (payments) borrowings on line of credit	**-**	(653,538)
Net cash used in financing activities	**(14,257)**	(646,476)
Net increase (decrease) in cash	**29,679**	(95,913)
Cash:		
Beginning	**67,945**	163,858
Ending	**$ 97,624**	$ 67,945
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	**$ 6,111**	$ 11,862

See notes to financial statements.

Note 1. Description of the Organization

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

The Boards of Trustees of Greater Cincinnati Television Educational Foundation and Greater Dayton Public Television (GDPT) formed a regional, nonprofit public broadcasting and media holding company, Public Media Connect, Inc. (PMC). The organizations remain as local corporations and service providers with local community presence, brands, facilities and staff and fundraising capabilities.

Note 2. Summary of Significant Accounting Policies

The significant accounting polices followed in the preparation of the financial statements of the Organization are described below:

Basis of accounting: The Organization utilizes the accrual basis of accounting.

Basis of presentation: The accompanying financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

The Organization's resources are classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. Additionally, unconditional promises to give (pledges) are recorded as receivables and revenues and classified among net asset categories according to donor-imposed restrictions. A description of the net asset categories follows:

Unrestricted Net Assets: Unrestricted net assets are resources that are available to support the Organization's operations.

Temporarily Restricted Net Assets: Temporarily restricted net assets are contributions and grants for which donor-imposed restrictions have not been met. When donor restrictions expire, 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 and changes in net assets as net assets released from restrictions.

Permanently Restricted Net Assets: Permanently restricted net assets have been restricted by donors to be maintained in perpetuity. Generally, the donors of these assets stipulate at the time the gift is made that all or part of the income earned on related investments can be utilized to support the Organization's operations.

The Organization also conforms in all material respects to the reporting principles required by the Corporation for Public Broadcasting as promulgated in its publication, *Financial Reporting Guidelines*.

Donor-imposed restrictions: All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. If a restriction is fulfilled in the same time period in which a restricted contribution is received, the Organization classifies the support as unrestricted.

Note 2. Summary of Significant Accounting Policies (Continued)

Use of estimates: The preparation of financial statements in conformity with U.S. GAAP requires Management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Concentration of credit and other risk: Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of deposits in banks that sometimes exceed federally insured limits.

Concentrations of credit risk with respect to accounts receivable are limited due to the large number of grantor organizations and their dispersion across different industries.

The Organization's investments are subject to the normal risks associated with financial markets. The Organization manages this risk by adhering to an investment policy which requires professional investment management, as well as other standards and practices.

The Corporation for Public Broadcasting (CPB) is a major source of funding for the Organization. The Organization received $991,161 and $870,920 in 2015 and 2014, respectively, from CPB, representing approximately 18% and 15% of total revenue and support for 2015 and 2014, respectively.

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. Recoveries of amounts previously written off are recorded when received. Accounts have been adjusted for all known and estimated uncollectible amounts. At June 30, 2015 and 2014, the allowance for doubtful accounts was $5,000.

Investments: Investments are stated at fair value in the statement of financial position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investment income or loss is included in the statement of activities and changes in net assets as increases and decreases in unrestricted net assets unless it is restricted by the donor or law.

Beneficial interest in perpetual trust: The Organization is the beneficiary of a trust held and administered by an independent trustee. Under the terms of the trust, the Organization has the right to receive a portion of the income earned on the trust assets, which are permanently restricted (perpetual trust). These assets are not subject to control or direction by the Organization. The Organization's beneficial interest in the trust is valued at the Organization's share of the investments held by the trust, measured at fair value with changes reflected on the statement of activities and changes in net assets. Under the terms of the perpetual trust, the Organization has the irrevocable right to receive the income earned on the trust assets in perpetuity, but never receives the assets held in trust. The change in value of beneficial interest in perpetual trust was ($12,861) and $74,425 for the years ended June 30, 2015 and 2014, respectively.

Note 2. Summary of Significant Accounting Policies (Continued)

Building 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.

Broadcast licenses: The Organization has a 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. Consistent with industry practices the intangible asset associated with the license agreement is not recorded on the statement of financial position.

Annuity obligation: The Organization holds charitable gift annuity agreements with several donors. In accordance with the agreements, the donors made contributions to the Organization in exchange for guaranteed future income. The Organization records an actuarially determined liability representing the future obligation to the donors. The Organization recognizes a contribution to the extent the fair value of the assets received exceeds the actuarially estimated obligation to make payments to the annuitant. The net present value of the Organization's liability for the annuity agreements was $42,630 and $74,425 at June 30, 2015 and 2014, respectively. This liability will be updated annually to the net present value of the future payments due under the annuity agreement using current actuarial information. The net present value is discounted at rates ranging from 1.6% to 7.0% at June 30, 2015 and 2014.

Contract production services: The Organization uses the completed-contract method of accounting for production revenue and related costs. Concurrent with the initial broadcast or distribution of the programs, related production costs will be reported as operating expenses and related funding will be reported as earned revenue in the statement of activities and changes in net assets. Production costs include charges by subcontractors plus all direct costs. Indirect and general and administrative expenses are charged to expense as incurred.

Contributions: Contributions, including unconditional promises to give, are recognized as revenues when donors' commitments are received. Conditional promises to give are not recognized until the conditions are substantially met. Unconditional promises to give that are expected to be collected in one year are measured at net realizable value. Unconditional gifts expected to be collected after one year are reported at the present value of the estimated future cash flows. The resulting discount is amortized using the level-yield method and is reported as contribution revenue. All contributions receivable are expected to be collected within one year. The Organization uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises to give and totaled $60,000 and $26,000 at June 30, 2015 and 2014, respectively.

The Organization records contributions as unrestricted unless explicit donor stipulations specify how the donated assets must be used. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as unrestricted revenue and net assets.

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 2. Summary of Significant Accounting Policies (Continued)

When a donor 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 and changes in net assets as net assets released from restrictions.

Community service grants: The 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. For the years ended June 30, 2015 and 2014, $400,475 and $383,214, respectively, was received in donated services and in-kind contributions.

Income taxes: The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. The Organization is not a private foundation as defined in Section 509(a) of the Internal Revenue Code. However, the Organization is subject to federal income tax on any unrelated business income. Management does not believe that the Organization conducts any activities subject to taxation as unrelated business income.

Management has evaluated the Organization's tax positions and has concluded that there are no uncertain tax positions that require recognition or disclosure in the financial statements. With few exceptions, the Organization's federal information returns are no longer subject to examination by the Internal Revenue Service for years before fiscal 2012. The Organization has no examinations in progress.

Programming rights: Costs of programming rights are expensed in the year of acquisition even though, in certain instances, these rights have a term exceeding one year.

Advertising costs: Advertising costs are expensed when incurred and totaled $22,209 in fiscal 2015 ($22,282 in fiscal 2014).

Note 2. 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.

Reclassification: Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation.

Subsequent events: The Organization has determined that there were no subsequent events that would require disclosure or adjustments to the accompanying financial statements through December 10, 2015, the date the financial statements were available to be issued.

Note 3. Investments

The cost and fair value of the Organization's investments are summarized as follows:

	June 30, 2015			June 30, 2014		
	Cost	Fair Value	Unrealized Loss	Cost	Fair Value	Unrealized Gain
Money market funds	$ 83,243	$ 83,243	$ -	$ 28,267	$ 28,267	$ -
Mutual funds	1,496,117	1,480,383	(15,734)	1,154,324	1,530,660	376,336
Total	$ 1,579,360	$ 1,563,626	$ (15,734)	$ 1,182,591	$ 1,558,927	$ 376,336

Note 4. Building and Equipment

Building and equipment consisted of the following major classifications at June 30:

	2015	2014
Building and improvements	$ 5,567,281	$ 5,540,264
Tower, antenna, and transmitting equipment	1,479,245	1,951,212
Technical equipment	6,371,869	9,873,981
Transmitting equipment	2,198,563	3,165,552
Computer equipment	701,436	1,898,706
Furniture, fixtures and office equipment	407,085	407,085
Vehicles	18,975	18,975
Total at cost	16,744,454	22,855,775
Less accumulated depreciation	(14,433,734)	(20,104,328)
Total building and equipment	$ 2,310,720	$ 2,751,447

Note 4. Building and Equipment (Continued)

Estimated asset lives are:

Classification	Years
Building and improvements	5 - 40
Tower, antenna, and transmitting equipment	5 - 25
Technical equipment	3 - 25
Transmitting equipment	5 - 15
Computer equipment	3 - 10
Furniture, fixtures and office equipment	3 - 10
Vehicles	3

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 interests as of June 30, 2015:

	Cost	Federal Interest	Expiration of Federal Interest
Technical equipment	$ 291,646	$ 145,823	11/01/2019
Technical equipment	554,850	277,425	10/01/2021
Total	$ 846,496	$ 423,248	

Depreciation expense for fiscal 2015 totaled $489,358 ($557,577 for fiscal 2014).

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 $1,449,113 at June 30, 2015 ($1,447,831 at June 30, 2014). The maximum credit available on this facility totaled $791,905 at June 30, 2015 ($890,008 at June 30, 2014). Interest is charged on amounts borrowed against the line at the one-month LIBOR rate (.19% and .15% at June 30, 2015 and 2014, respectively) plus 1.50%. There was no outstanding balance at June 30, 2015 and 2014.

Note 6. Temporarily Restricted Net Assets

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

	2015	2014
Capital projects	$ 160,973	$ 175,827
Programming activities	169,583	89,850
Education and training	17,000	26,148
Time restrictions	95,000	-
	$ 442,556	$ 291,825

Note 7. Permanently Restricted Net Assets

Permanently restricted net assets as of June 30 are restricted as follows:

	2015	2014
Investment in perpetuity, the income of which is expendable to support:		
Capital projects	$ 820,356	$ 833,217
Programming activities	88,720	88,720
General operating activities	100,000	-
	$ 1,009,076	$ 921,937

Note 8. Retirement Plans

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 in fiscal 2015 and 2014 were $30,766 and $13,635, respectively.

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's funding policy is to make the minimum annual contribution that is required by applicable regulations, plus any amounts as the Organization determines to be appropriate from time to time.

The measurement dates used for pension obligations were June 30, 2015 and 2014.

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

	2015	2014
Changes in benefit obligation:		
Benefit obligation, beginning of year	$ 6,199,429	$ 5,734,197
Interest cost	243,055	252,828
Actuarial (gain)/loss	568,071	427,847
Benefits paid	(242,181)	(215,443)
Benefit obligation, end of year	$ 6,768,374	$ 6,199,429
Changes in plan assets:		
Fair value of plan assets, beginning of year	$ 4,936,915	$ 4,240,978
Actual return on plan assets	138,029	763,724
Employer contributions	146,038	147,656
Benefits paid	(242,181)	(215,443)
Fair value of plan assets, end of year	$ 4,978,801	$ 4,936,915

Note 8. Retirement Plans (Continued)

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

	2015	2014
Projected benefit obligation	$ 6,768,374	$ 6,199,429
Fair value of plan assets	4,978,801	4,936,915
Accrued pension benefit obligation	$ 1,789,573	$ 1,262,514

Accumulated benefit obligation is $6,768,374 at June 30, 2015 ($6,199,429 at June 30, 2014).

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

	2015	2014
Discount rate for benefit obligation	4.00%	4.00%
Discount rate for net periodic benefit cost	4.00%	4.50%
Expected return on plan assets	7.50%	7.50%
Rate of compensation increase	N/A	N/A

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

	2015	2014
Interest cost	$ 243,055	$ 252,828
Expected return on plan assets	(368,667)	(314,887)
Amortization of net actuarial loss	77,016	90,143
	$ (48,596)	$ 28,084

The Organization expects to contribute $163,351 to the pension plan during the year ended June 30, 2016.

The following benefit payments are expected to be paid:

2016	$ 273,733
2017	295,210
2018	333,745
2019	357,864
2020	388,640
2021-2025	2,081,032

The Plan has unrecognized loss subject to amortization totaling $1,949,295 and $1,227,602 as of June 30, 2015 and 2014, respectively. The net loss which will be amortized as a component of net periodic pension cost during the next fiscal year totals $163,766.

Note 8. 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 Organization's pension plan asset allocation at fair value at June 30 by asset category was as follows:

	2015	2014
Money market	4%	3%
Equity securities	74%	75%
Debt securities	22%	22%
	100%	100%

The following tables set forth by level within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2015 and 2014:

June 30, 2015	Total	Level 1	Level 2	Level 3
Money market funds	$ 176,013	$ -	$ 176,013	$ -
Mutual funds:				
Bond funds	981,733	981,733	-	-
Other fixed income funds	123,061	123,061	-	-
Blend funds	545,217	545,217	-	-
Growth funds	1,945,883	1,945,883	-	-
Value funds	971,247	971,247	-	-
Real estate funds	235,647	235,647	-	-
Total mutual funds	4,802,788	4,802,788	-	-
Total plan assets	$ 4,978,801	$ 4,802,788	$ 176,013	$ -

Note 8. Retirement Plans (Continued)

June 30, 2014	Total	Level 1	Level 2	Level 3
Money market funds	$ 158,869	$ -	$ 158,869	$ -
Mutual funds:				
Bond funds	921,996	921,996	-	-
Other fixed income funds	166,941	166,941	-	-
Blend funds	850,339	850,339	-	-
Growth funds	1,632,427	1,632,427	-	-
Value funds	970,223	970,223	-	-
Real estate funds	236,120	236,120	-	-
Total mutual funds	4,778,046	4,778,046	-	-
Total plan assets	$ 4,936,915	$ 4,778,046	$ 158,869	$ -

The following is a description of the valuation methodologies used for the assets measured at fair value in the above table.

Money market funds: Valued at the net asset value of underlying assets.

Mutual funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Note 9. Rental Income

The Organization leases office space to tenants under noncancelable operating lease agreements that expire through October 2019. Rental income under these leases was $250,483 and $289,406 for the years ended June 30, 2015 and 2014, respectively.

The Organization sub-leases office equipment to Cincinnati Public Radio under a capital lease agreement which expires in July 2017. As a result, future minimum lease payments receivable totaling $21,521 and $30,626 and deferred revenue totaling $1,269 and $2,607, were recorded at June 30, 2015 and 2014, respectively.

Future annual minimum lease receipts at June 30, 2015 were as follows: 2016 - $260,283; 2017 - $260,283; 2018 - $250,236; and 2019 - $250,236.

Note 10. Capital Lease

The Organization leases its telephone equipment under a capital lease expiring in June 2017. 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, 2015 and 2014. 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 9. Therefore, equipment cost of $43,560 has been capitalized with related accumulated depreciation of $26,406 and $17,604 at June 30, 2015 and 2014, respectively.

The future minimum lease payments required under the capital lease are as follows at June 30, 2015:

2016	$ 25,118
2017	18,412
	43,530
Less amount representing interest	(2,545)
Present value of net minimum lease payments	$ 40,985

Note 11. Fair Value of Measurements

The Organization measures its investments and its beneficial interest in perpetual trust at fair value on a recurring basis. Fair value is determined through the application of accounting guidance that establishes a framework for measuring fair values.

The accounting standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. This standard also requires the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available in the circumstances. In that regard, a fair value hierarchy has been established for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

The fair value hierarchy is as follows:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity has the ability to access as of the measurement date.

Level 2 Significant other observable inputs other than the Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active and other inputs that are observable or can be corroborated by observable market data.

Note 11. Fair Value of Measurements (Continued)

Level 3 Significant unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2015 and 2014.

Money market funds: Valued at the net asset value of underlying assets.

Mutual funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Beneficial interest in perpetual trust: The fair value of the Organization's beneficial interest in the perpetual trust is calculated utilizing the fair value of the underlying funds multiplied by the Organization's proportionate ownership interest of the right to receive the income from the fund in perpetuity. The underlying funds are primarily assets which can be valued using observable inputs.

The following tables summarize assets measured at fair value on a recurring basis as of June 30, 2015 and 2014, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value.

June 30, 2015	Total	Level 1	Level 2	Level 3
Investments:				
Money market funds	$ 83,244	$ -	$ 83,244	$ -
Mutual funds:				
Bond funds	403,936	403,936		
Bank loan funds	61,743	61,743		
Blend funds	196,261	196,261	-	-
Growth funds	351,846	351,846	-	-
Value funds	314,775	314,775	-	-
Allocation funds	90,163	90,163	-	-
Other funds	61,659	61,659	-	-
Total mutual funds	1,480,383	1,480,383	-	-
Total investments	1,563,627	1,480,383	83,244	-
Beneficial interest in perpetual trust	820,356	-	820,356	-
Total	$ 2,383,983	$ 1,480,383	$ 903,600	$ -

Note 11. Fair Value of Measurements (Continued)

June 30, 2014	Total	Level 1	Level 2	Level 3
Investments:				
Money market funds	$ 28,266	$ -	$ 28,266	$ -
Fixed income funds:				
Bond funds	25,400	25,400		
Other	4,225	4,225		
Growth	509,166	509,166	-	-
Balanced	185,494	185,494	-	-
Value	453,788	453,788	-	-
Fixed income	352,588	352,588	-	-
Total mutual funds	1,530,661	1,530,661	-	-
Total investments	1,558,927	1,530,661	28,266	-
Beneficial interest in perpetual trust	833,217	-	833,217	-
Total	$ 2,392,144	$ 1,530,661	$ 861,483	$ -

Note 12. 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 following is a summary of the net asset composition by type of fund at June 30:

2015	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ -	$ 88,720	$ 88,720
2014				
Donor-restricted endowment funds	$ -	$ -	$ 188,720	$ 188,720

Note 12. Endowment (Continued)

Changes in the endowment net assets for the years ended June 30, 2015 and 2014 are as follows:

2015	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ -	$ 88,720	$ 88,720
Interest and dividends	2,332			2,332
Unrealized loss	(25,594)			(25,594)
Realized gain	25,652			25,652
Contributions			100,000	100,000
Appropriation of endowment assets for expenditure	(2,390)			(2,390)
Endowment net assets, end of year	$ -	$ -	188,720	$ 188,720
Beneficial interest in perpetual trust			820,356	
Total			$ 1,009,076	

2014	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ -	$ 88,720	$ 88,720
Interest and dividends	1,862			1,862
Unrealized gain	3,083			3,083
Realized gain	11,830			11,830
Appropriation of endowment assets for expenditure	(16,775)			(16,775)
Endowment net assets, end of year	$ -	$ -	88,720	$ 88,720
Beneficial interest in perpetual trust			833,217	
Total			$ 921,937	

Interpretation of relevant law: The Board of Trustees of the of the Organization has interpreted the State of Ohio 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.

Note 12. Endowment (Continued)

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 13. Related-Party Transactions

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, 2015 and 2014, $378,525 and $404,798, respectively, was allocated from GDPT to the Organization and is included in the applicable expense account balances. Amounts due to GDPT related to this arrangement totaled $4,000 and $31,386 as of June 30, 2015 and 2014, respectively and are included in accounts payable on the statement of financial position. The allocation of costs is based upon management's estimate of resources used.

Note 14. Recently Issued Accounting Pronouncement

Revenue from contracts with customers: In May 2014, the FASB issued guidance related to revenue recognition for contracts with customers. This guidance supersedes most revenue recognition requirements in U.S. GAAP, including most industry-specific guidance on revenue recognition. This guidance is effective for annual reporting periods that begin after December 15, 2018 and early adoption is not permitted. The Organization is currently evaluating the impact of this guidance on its financial statements.

RSM US LLP

**Independent Auditor's Report
on the Supplementary Information**

To the Board of Trustees
Greater Cincinnati Television Education Foundation
Cincinnati, Ohio

We have audited the financial statements of Greater Cincinnati Television Education Foundation as of and for the year ended June 30, 2015 and have issued our report thereon, dated December 10, 2015, which contains an unmodified opinion on those financial statements (see pages 1-2). Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole.

The accompanying supplementary information 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 for the year ended June 30, 2015 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 for the year ended June 30, 2015 is fairly stated in all material respects in relation to the financial statements taken as a whole.

The supplementary information as of and for the year ended June 30, 2014 was audited by other auditors whose report, dated October 16, 2014, expressed an unmodified opinion on such information in relation to the financial statements as a whole.

RSM US LLP

Dayton, Ohio
December 10, 2015

Greater Cincinnati Television Educational Foundation Schedule 1

Schedule of Broadcasting and Telecommunication Service Expense
Year Ended June 30, 2015 (With Comparative Totals for 2014)
See Independent Auditor's Report on the Supplementary Information

	Year Ended June 30, 2015						Year Ended June 30, 2014
	Technical	Programming	Ed. Services	Production	Promotions	**Total**	Total
Salaries	$ 348,618	$ 149,482	$ 149,997	$ 323,727	$ 131,984	**$ 1,103,808**	$ 1,203,908
Benefits	54,809	17,963	19,139	62,688	23,919	**178,518**	228,165
Outside labor	-	-	-	14,480	-	**14,480**	20,013
Supplies	2,105	35	33,637	8,714	52	**44,543**	29,666
Printing	-	-	3,806	-	18,688	**22,494**	23,072
Promotional incentive	-	-	1,077	-	-	**1,077**	2,813
Advertising	-	-	-	2,598	19,611	**22,209**	22,282
Postage and shipping	693	67	1,333	4	11,675	**13,772**	14,158
Travel and training	7,032	1,960	18,026	11,914	1,759	**40,691**	26,173
Receptions	-	-	722	1,867	113	**2,702**	2,693
Repair and maintenance	41,569	-	398	3,983	-	**45,950**	68,759
Utilities	68,046	-	-	-	-	**68,046**	66,459
Rent	3,622	-	-	39,953	-	**43,575**	7,225
Memberships	150	6,780	75	945	-	**7,950**	6,705
Consulting fees	-	-	273	974	23,812	**25,059**	32,883
Production fees	-	-	3,766	30,324	-	**34,090**	5,892
Professional fees	-	11,034	602	10,645	-	**22,281**	12,253
Educational fees	-	-	47,167	-	-	**47,167**	55,919
Program acquisitions	-	854,541	-	-	-	**854,541**	741,545
Program membership dues/interconnect		108,788		14,469		**123,257**	114,394
In-kind services	298,555	-	-	-	-	**298,555**	270,726
Miscellaneous	-	-	-	-	-	**-**	120
Depreciation	375,723	-	5,995	72,072	-	**453,790**	526,887
Total	$ 1,200,922	$ 1,150,650	$ 286,013	$ 599,357	$ 231,613	**$ 3,468,555**	$ 3,482,710

Greater Cincinnati Television Educational Foundation Schedule 2

Schedule of Fundraising Expense
Year Ended June 30, 2015 (With Comparative Totals for 2014)
See Independent Auditor's Report on the Supplementary Information

	Year Ended June 30, 2015				Year Ended June 30, 2014
	Marketing	Member Services	Auction and Special Events	**Total**	Total
Salaries	$ 61,399	$ 269,302	$ 75,139	**$ 405,840**	$ 305,582
Benefits	5,870	53,664	10,245	**69,779**	69,912
Outside labor	-	-	7,544	**7,544**	1,322
Supplies	334	2,472	792	**3,598**	4,182
Printing services	-	10,834	860	**11,694**	11,480
Promotional incentives	-	133,055	-	**133,055**	126,148
Travel and training	(1,392)	10,039	235	**8,882**	11,216
Postage and shipping	3	42,073	2,082	**44,158**	42,688
Repair and maintenance	-	-	2,596	**2,596**	1,497
Facility and equipment rent	150	-	420	**570**	11,244
Receptions	500	14,476	3,179	**18,155**	26,433
Memberships	-	531	45	**576**	345
Commissions	-	24,623	1,406	**26,029**	37,001
Direct mail fees	-	75,769	-	**75,769**	54,508
Consulting fees	-	-	-	**-**	7,705
Production fees	-	-	228	**228**	152
Purchased items	-	-	-	**-**	4,474
Board/Staff	-	490	1,555	**2,045**	698
In-kind services	78,641		23,279	**101,920**	112,488
Total	$ 145,505	$ 637,328	$ 129,605	**$ 912,438**	$ 829,075

Schedules of Administrative Expense
Years Ended June 30, 2015 and 2014
See Independent Auditor's Report on the Supplementary Information

	2015	2014
Salaries	**$ 315,941**	$ 337,626
Benefits	**45,370**	64,517
Outside labor	**22,542**	-
Supplies	**8,377**	4,470
Printing services	**721**	882
Postage and shipping	**(1,616)**	616
Travel, training and mileage	**2,982**	3,830
Repair and maintenance	**111,122**	91,203
Utilities	**211,070**	205,194
Office and equipment rent	**23,953**	22,981
Memberships	**16,518**	12,496
Professional fees	**97,286**	60,721
Insurance	**44,204**	55,390
Bank fees	**40,959**	58,363
Board of Trustees	**6,350**	11,935
Recruitment	**2,120**	1,008
Depreciation	**35,568**	30,690
Interest expense	**6,111**	11,862
Miscellaneous	**889**	(82)
Bad debt (recovery)	**2,500**	(6,970)
Receptions	**2,716**	297
Total administrative expense	**$ 995,683**	$ 967,029