

**Financial Statements and
Independent Auditor's Report**

***Public Broadcasting of Northwest Pennsylvania, Inc.
(a nonprofit organization)***

June 30, 2019 and 2018

Public Broadcasting of Northwest Pennsylvania, Inc.
Financial Statements and Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Public Broadcasting of Northwest Pennsylvania, Inc.

Report on the Financial Statements

I have audited the accompanying financial statements of Public Broadcasting of Northwest Pennsylvania, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Public Broadcasting of Northwest Pennsylvania, Inc. as of June 30, 2019 and 2018, 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.

CERTIFIED PUBLIC ACCOUNTANT

Email: seancpa@seancpa.com
www.seancpa.com

513 Lincoln Avenue
Erie, Pennsylvania 16505.2451
Telephone: 814.455.3089
Facsimile: 814.455.7646

Board of Directors
Public Broadcasting of Northwest Pennsylvania, Inc.

SEAN T SULLIVAN CPA PC

Effect of Adopting New Accounting Standard

As discussed in Note A, Public Broadcasting of Northwest Pennsylvania, Inc. adopted the provisions of Financial Accounting Standards Board Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities as of and for the year ended June 30, 2019. The requirements of ASU 2016-14 have been retrospectively applied to all periods presented. My opinion is not modified with respect to this matter.

SEAN T. SULLIVAN, CPA, PC

SEAN T. SULLIVAN, CPA, PC

September 23, 2019
Erie, Pennsylvania

NOTES TO FINANCIAL STATEMENTS

Public Broadcasting of Northwest Pennsylvania, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

THE ORGANIZATION AND NATURE OF ACTIVITIES

Public Broadcasting of Northwest Pennsylvania, Inc. operates a public television and FM-radio station. Public Broadcasting of Northwest Pennsylvania, Inc. provides a wide-range of educational, informational and general interest programs. Public Broadcasting of Northwest Pennsylvania, Inc. is supported primarily through grants and support from the general public.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of Public Broadcasting of Northwest Pennsylvania, Inc. have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States ("US GAAP"), which require Public Broadcasting of Northwest Pennsylvania, Inc. to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Public Broadcasting of Northwest Pennsylvania, Inc.'s management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Public Broadcasting of Northwest Pennsylvania, Inc. or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Measure of Operations

The *Statement of Activities* reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to Public Broadcasting of Northwest Pennsylvania, Inc.'s ongoing television and FM-radio operations and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Cash and Cash Equivalents

Public Broadcasting of Northwest Pennsylvania, Inc.'s cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

Public Broadcasting of Northwest Pennsylvania, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Concentrations of Credit Risk

Financial instruments that potentially subject Public Broadcasting of Northwest Pennsylvania, Inc. to concentrations of credit risk consist principally of cash and cash equivalents and investments. Public Broadcasting of Northwest Pennsylvania, Inc. maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. Public Broadcasting of Northwest Pennsylvania, Inc.'s cash and cash equivalent accounts have been placed with high credit quality financial institutions. Public Broadcasting of Northwest Pennsylvania, Inc. has not experienced, nor does it anticipate, any losses with respect to such accounts.

Broadcast Rights

Public Broadcasting of Northwest Pennsylvania, Inc. purchases the rights to broadcast various programs for terms that range from one to eight years. These rights are amortized using the straight-line method over the actual term of the individual broadcast rights or the average term of package broadcast rights.

Property and Equipment and Related Depreciation

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is provided using the straight-line method over the following estimated useful lives of the assets -- Land improvements 3 – 20 years; Buildings 5 – 35 years; Transmission systems 7 - 20 years; Production equipment 5 - 15 years; Office equipment 5 - 7 years; Vehicle 3 years.

Public Broadcasting of Northwest Pennsylvania, Inc.'s policy is to capitalize renewals and betterments acquired for greater than \$500 and expense normal maintenance and repairs in the year incurred. Public Broadcasting of Northwest Pennsylvania, Inc.'s management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

Long-term Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the *Statements of Financial Position*, and changes in fair value are reported as investment return in the *Statements of Activities*.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those

Public Broadcasting of Northwest Pennsylvania, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair Value Measurement [continued]

assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). Public Broadcasting of Northwest Pennsylvania, Inc. groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 - Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2 - Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 - Unobservable inputs that cannot be corroborated by observable market data.

Fair value of the "Endowment Held by Others" in long-term investments is reported as Level 3 measurements as they represent an interest in investments pooled with other organizations' funds at the Erie Community Foundation ("Foundation"). Such interest is not publicly traded nor can it be valued on observable direct or indirect inputs. However, a substantial portion of the underlying assets are measured at fair value using Level 1 and 2 inputs by the Foundation.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Membership Pledges

Public Broadcasting of Northwest Pennsylvania, Inc. is supported through membership pledges. These pledges are at various levels and have a term of one-year. All membership pledges are recognized as revenue when the pledge is made. Pledges unpaid for over four months are written off. A reserve for

Public Broadcasting of Northwest Pennsylvania, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Membership Pledges *[continued]*

uncollectible membership pledges is maintained equal to eighteen percent (18%) at June 30, 2019 and June 30, 2018.

Contributed Services and Supplies

Public Broadcasting of Northwest Pennsylvania, Inc. received donated supplies for the years ended June 30, 2019 and 2018. Such amounts, which are based upon information provided by third-party service providers, are recorded at their estimated fair value determined on the date of contribution and are reported as contributions in-kind and supporting services on the accompanying statements of activities and statements of functional expenses.

Public Broadcasting of Northwest Pennsylvania, Inc. receives significant personal services from volunteers which do not meet the criteria for recognition as contributed services under US GAAP in the *Statement of Activities*. Public Broadcasting of Northwest Pennsylvania, Inc. received more than 3,000 volunteer hours from approximately 650 volunteers in 2019 and 2018.

Deferred Revenues

Payments received by and requiring Public Broadcasting of Northwest Pennsylvania, Inc. to complete some activity (program production, special event) subsequent to June 30 are deferred and recognized as revenue when the activity has been completed.

Functional expenses

The costs of providing program and other activities have been summarized on a functional basis in the *Statements of Activities*. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method and Allocation</u>
Salaries and employee benefits	Time and effort
Management and professional	Time and effort
Telephone	Time and effort
Utilities	Time and effort
Office supplies	Time and effort
Interest	Square footage
Depreciation	Square footage

Use of estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Public Broadcasting of Northwest Pennsylvania, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [continued]

Pension Plan

Public Broadcasting of Northwest Pennsylvania, Inc. maintains a contributory defined contribution pension plan for all eligible employees. Employees may elect to contribute no more than sixteen percent of their annual salary to the plan. Public Broadcasting of Northwest Pennsylvania, Inc. is required to match sixty percent of the first six percent of voluntary employee contributions. Employee contributions exceeding six percent of their annual salary are not matched by Public Broadcasting of Northwest Pennsylvania, Inc. Public Broadcasting of Northwest Pennsylvania, Inc. may also make discretionary non-matching contributions to the plan. Pension costs included in the *Statement of Activities* amounted to \$28,064 year ended June 30, 2019 and \$27,887 for the year ended June 30, 2018.

Income Taxes

The Internal Revenue Service has ruled Public Broadcasting of Northwest Pennsylvania, Inc. exempt from federal income taxation as prescribed by Internal Revenue Code Section 501(c)(3). However, net income from activities not directly related to Public Broadcasting of Northwest Pennsylvania, Inc.'s tax-exempt purpose is subject to taxation as unrelated business income. The Organization's Form 990, Return of Organization Exempt from Income Tax, for the years ended June 30, 2019, 2018, 2017 and 2016 have been filed and are subject to examination by the Internal Revenue Service for a period of three years from filing.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Public Broadcasting of Northwest Pennsylvania, Inc. has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Public Broadcasting of Northwest Pennsylvania, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE B – AVAILABILITY AND LIQUIDITY

The following represents Public Broadcasting of Northwest Pennsylvania, Inc.'s financial assets at June 30, 2019 and 2018 -

	As of June 30,	
	2019	2018
Financial assets at year-end –		
Cash and cash equivalents	\$ 134,940	\$ 226,377
Trade receivables	31,269	15,497
Membership pledges receivable	109,586	90,175
Grants receivable	107,143	-
Long-term investments	914,380	949,678
	<hr/>	<hr/>
Total financial assets	1,297,318	1,281,727
	<hr/>	<hr/>
Less amounts not available to be used within one year -		
Net assets with donor restrictions	-	-
Less net assets with purpose restrictions to be met in less than one year	-	-
Board-designated funds for future use	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,297,318</u>	<u>\$ 1,281,727</u>

Public Broadcasting of Northwest Pennsylvania, Inc.'s goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$1.4 million). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit. Public Broadcasting of Northwest Pennsylvania, Inc. has a \$500,000 line of credit available to meet cash flow needs.

Public Broadcasting of Northwest Pennsylvania, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment consists of –

	As of June 30,	
	2019	2018
Land and land improvements	\$ 602,430	\$ 535,634
Buildings	3,134,158	3,059,202
Transmission equipment	2,272,852	2,272,852
Production equipment	1,649,089	1,641,898
Office equipment	663,806	651,186
Vehicles	28,656	28,656
FCC station repackaging in-progress	846,598	674,803
Total cost	9,197,589	8,864,231
Less accumulated depreciation	6,768,363	6,499,140
Net book value	<u>\$ 2,429,226</u>	<u>\$ 2,365,091</u>

In conjunction with the Federal Communication Commission's [FCC] repurposing of the UHF 600 MHz band spectrum for flexible broadband use, stations which have elected not to sell their allocated UHF 600 MHz spectrum are being reimbursed by the FCC for the repackaging of their broadcasting systems. Public Broadcasting of Northwest Pennsylvania, Inc. has made the decision not to sell its spectrum allocation, but rather upgrade its broadcast equipment subject to reimbursement by the FCC. These reimbursements are being made as costs are incurred by the stations and are reflected on the *Statements of Activities*.

NOTE D - LONG-TERM INVESTMENTS

Long-term investments consist of –

	As of June 30,	
	2019	2018
Common stocks	\$ 483,717	\$ 501,159
Common equity funds	88,363	134,071
Real estate mutual funds	23,110	23,015
Natural resource mutual fund	18,519	19,012
Common fixed income funds	228,335	220,831
Endowment held by others	30,270	29,026
	872,314	927,114
Money market funds and cash	42,066	22,564
	<u>\$ 914,380</u>	<u>\$ 949,678</u>

Public Broadcasting of Northwest Pennsylvania, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE D - LONG-TERM INVESTMENTS

As of June 30, 2019 and 2018, all investments were considered Level 1 investments except as follows – real estate mutual funds and natural resource mutual funds are considered Level 2 investments; and endowment held by others are considered Level 3 investments.

NOTE E - LINE OF CREDIT

At June 30, 2019 and 2018 Public Broadcasting of Northwest Pennsylvania, Inc. has available a \$500,000 variable rate, bank line of credit which automatically renews annually. The line of credit bears interest at the prime rate minus one-quarter percent (1/4%) and is secured by a first priority perfected security interest in all property of Public Broadcasting of Northwest Pennsylvania, Inc.

NOTE F - LONG-TERM DEBT

Long-term debt consists of –

	<u>As of June 30,</u>	
	<u>2019</u>	<u>2018</u>
5.00% bank term loan, maturing in March 2021; payable in monthly installments of \$1,537 principal and interest; secured by various assets of the Organization	\$ 22,569	\$ -
3.65% installment loan, maturing December, 2019; in monthly installments of \$455 principal and interest; secured by a vehicle	-	4,003
4.45% bank loan maturing January 2019; secured by all assets of the Organization; payable in monthly principal and interest payments of \$2,904	-	20,021
	<u>22,569</u>	<u>24,024</u>
Less current maturities	<u>17,717</u>	<u>24,024</u>
	<u>\$ 4,852</u>	<u>\$ -</u>

Maturities of long-term debt subsequent to June 30, 2019 are –

Year ended June 30,		
2020		\$ 17,717
2021		4,852
		<u>\$ 22,569</u>

Public Broadcasting of Northwest Pennsylvania, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE G - LEASES

The Organization leases the land upon which the broadcast towers are located to the owner of the towers for \$9,000 per year. The term of these lease is for ten (10) years expiring February 2021. The lease includes ten (10) renewal options of five (5) years each. See **Note I**.

Following are the minimum lease payments under the lease –

Year ended June 30,	
2020	\$ 9,000
2021	<u>5,250</u>
	<u>\$ 14,250</u>

In addition, Public Broadcasting of Northwest Pennsylvania, Inc. leases office space in its building to several for-profit and not-for-profit organizations. The leases are accounted for as operating leases. Two of the leases are renewable on an annual basis and one lease is for a five-year term ending December 2022.

Following are the minimum lease payments under the leases –

Year ended June 30,	
2020	\$ 20,722
2021	21,136
2022	21,559
2023	<u>10,886</u>
	<u>\$ 74,303</u>

NOTE H - EDUCATIONAL IMPROVEMENT TAX CREDIT PROGRAM

For the year ended June 30, 2019 and 2018 Public Broadcasting of Northwest Pennsylvania, Inc. received \$32,750 and \$61,750, respectively in contributions under its Commonwealth of Pennsylvania, Department of Community and Economic Development education improvement tax credit program. The program provides tax credits to businesses that contribute to scholarship organizations or education improvement programs.

Public Broadcasting of Northwest Pennsylvania, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE I - TOWER SALE AND LEASE-BACK

On February 04, 2011 Public Broadcasting of Northwest Pennsylvania, Inc. had entered into an agreement with Grain Communications II, LLC (GC) for the sale and lease-back of its broadcast towers. Public Broadcasting of Northwest Pennsylvania, Inc. retains ownership of the land upon which the towers are located and leases that land to GC. GC owns the towers and is leasing them back to Public Broadcasting of Northwest Pennsylvania, Inc. Under the terms of the agreements –

- (1) Public Broadcasting of Northwest Pennsylvania, Inc. sold the broadcast towers to GC for a sum of \$1,023,000.
- (2) \$120,000 of the sale proceeds were committed by Public Broadcasting of Northwest Pennsylvania, Inc. for certain repairs to the towers.
- (3) Public Broadcasting of Northwest Pennsylvania, Inc. shall lease the property upon which the broadcast towers are located to GC for a monthly rental of \$750, with annual escalators of the greater of two percent (2%) or CPI. The leases shall have an initial term of ten (10) years with an additional ten (10) renewal terms of five (5) years each. Upon expiration of the initial term and any renewal period, the lease shall become a month-to-month lease at a monthly rent of one-hundred fifty percent (150%) of the rent applicable during the last month of the immediately preceding term.
- (4) Public Broadcasting of Northwest Pennsylvania, Inc. shall lease the towers from GC for a total annual rental of \$90,000, with annual escalators of the greater of two percent (2%) or CPI. The leases shall have an initial term of ten (10) years with an additional four (4) renewal terms of five (5) years each. Upon expiration of the initial term and any renewal period, the lease shall become a month-to-month lease at a monthly rent of one-hundred fifty percent (150%) of the rent applicable during the last month of the immediately preceding term.
- (5) Existing tower-space leases between Public Broadcasting of Northwest Pennsylvania, Inc. and third-parties shall be transferred to GC.

Following are the minimum lease payments under the lease –

Year ended June 30,	
2020	\$ 90,000
2021	<u>52,500</u>
	<u>\$ 142,500</u>

NOTE J - RISKS AND UNCERTAINTIES

The Organization investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities could occur in the near term and that such changes could materially affect the amounts reported in the *Statement of Financial Position*.

Public Broadcasting of Northwest Pennsylvania, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE K – SUBSEQUENT EVENTS

Public Broadcasting of Northwest Pennsylvania, Inc. has evaluated subsequent events through September 23, 2019, the date which the financial statements were available to be issued.

FINANCIAL STATEMENTS

Public Broadcasting of Northwest Pennsylvania, Inc.

STATEMENTS OF FINANCIAL POSITION

	As of June 30,	
	2019	2018
ASSETS		
Cash and cash equivalents	\$ 134,940	\$ 226,377
Trade receivables	31,269	15,497
Membership pledges receivable, <i>net of \$24,056 and \$19,795 allowance for doubtful accounts</i>	109,586	90,175
Grants receivable	107,143	-
Prepaid items and other assets	72,310	73,255
Broadcast rights	118,710	116,598
Property and equipment, <i>at net cost</i>	2,429,226	2,365,091
Long-term investments, <i>at fair market value</i>	914,380	949,678
Total assets	<u>\$ 3,917,564</u>	<u>\$ 3,836,671</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Trade accounts payable	\$ 53,811	\$ 145,165
Current maturities of long-term debt	17,717	24,024
Deferred revenue	167,547	176,132
Accrued payroll and withholdings	106,121	102,487
Accrued broadcast rights and other expenses	2,228	4,791
Line of credit	200,000	100,000
Long-term debt	4,852	-
Total liabilities	552,276	552,599
NET ASSETS [Note A]		
Without donor restrictions	<u>3,365,288</u>	<u>3,284,072</u>
Total net assets	<u>3,365,288</u>	<u>3,284,072</u>
Total liabilities and net assets	<u>\$ 3,917,564</u>	<u>\$ 3,836,671</u>

The accompanying *Notes to Financial Statements* are an integral part of these financial statements.

Public Broadcasting of Northwest Pennsylvania, Inc.

STATEMENT OF ACTIVITIES – Without Donor Restrictions

	<u>For the year ended June 30,</u>	
	<u>2019</u>	<u>2018</u>
OPERATING ACTIVITIES		
Revenues and Other Support		
Corporation for Public Broadcasting	\$ 853,462	\$ 837,613
Other grants	113,143	43,428
Contributed services and supplies	2,615	2,187
Broadcasting, underwriting and production	609,671	625,418
Membership	880,001	906,304
Auction / special events	490,428	469,579
Facilities rental	46,375	34,101
Education revenue and grant	3,500	1,500
Contributions	38,774	103,015
Other	1,100	619
Total support and revenue	<u>3,039,069</u>	<u>3,023,764</u>
Expenses		
Program services		
Broadcasting	527,930	539,264
Program/production	1,042,053	1,011,113
Public information	211,928	171,715
Support services		
Fund raising	843,069	866,408
Management and general	647,749	561,848
Total expenses	<u>3,272,729</u>	<u>3,150,348</u>
Change in net assets from operations	(233,660)	(126,584)
NONOPERATING ACTIVITIES		
FCC repackaging grant	263,175	581,879
Investment return, net	51,701	40,619
Total nonoperating activities	<u>314,876</u>	<u>622,498</u>
CHANGE IN NET ASSETS	81,216	495,914
Net assets at beginning of year	<u>3,284,072</u>	<u>2,788,158</u>
Net assets at end of year	<u>\$ 3,365,288</u>	<u>\$ 3,284,072</u>

The accompanying *Notes to Financial Statements* are an integral part of these financial statements.

Public Broadcasting of Northwest Pennsylvania, Inc.

STATEMENTS OF FUNCTIONAL EXPENSES

	For the year ended June 30,						2018
	2019			2018			
	Program services			Support Services			
	Broadcasting	Program / Production	Public Information	Fund Raising	Management and General	Total	Total
Salaries and employee benefits	\$ 121,984	\$ 294,069	\$ 122,471	\$ 337,249	\$ 364,575	\$ 1,240,348	\$ 1,238,146
Management and professional	6,619	20,855	7,051	79,440	162,684	276,649	229,093
Travel	3,324	1,303	213	30,052	8,720	43,612	30,488
Sales expense	-	-	-	12,315	-	12,315	15,348
Promotional	-	60	59,081	292,617	23,268	375,026	341,986
Telephone	-	-	-	9,109	14,062	23,171	24,464
Utilities	105,611	-	-	-	-	105,611	118,734
Real property rental/maintenance	108,666	-	-	-	37,169	145,835	133,108
Programming and production	19,126	640,773	-	9,006	-	668,905	660,372
Office supplies	404	643	3,923	26,739	5,621	37,330	28,303
Postage and freight	-	138	12,795	27,384	3,907	44,224	37,361
Miscellaneous	106	2,691	2,390	5,127	6,728	17,042	12,689
Total operating expenses	365,840	960,532	207,924	829,038	626,734	2,990,068	2,870,092
Contributed services and supplies (Note A9.)	-	-	-	-	2,615	2,615	2,187
Interest	6,525	3,282	161	565	740	11,273	9,532
Depreciation	155,565	78,239	3,843	13,466	17,660	268,773	268,537
Total expenses	<u>\$ 527,930</u>	<u>\$ 1,042,053</u>	<u>\$ 211,928</u>	<u>\$ 843,069</u>	<u>\$ 647,749</u>	<u>\$ 3,272,729</u>	<u>\$ 3,150,348</u>
	2018						
Total operating expenses	<u>\$ 378,318</u>	<u>\$ 930,167</u>	<u>\$ 167,739</u>	<u>\$ 850,289</u>	<u>\$ 543,579</u>	<u>\$ 2,870,092</u>	
Total expenses	<u>\$ 539,264</u>	<u>\$ 1,011,113</u>	<u>\$ 171,715</u>	<u>\$ 866,408</u>	<u>\$ 561,848</u>	<u>\$ 3,150,348</u>	

The accompanying *Notes to Financial Statements* are an integral part of these financial statements.

Public Broadcasting of Northwest Pennsylvania, Inc.

STATEMENTS OF FUNCTIONAL EXPENSES

	For the year ended June 30, 2018					
	Program services			Support Services		
	Broadcasting	Program / Production	Public Information	Fund Raising	Management and General	Total
Salaries and employee benefits	\$ 113,628	\$ 279,126	\$ 113,367	\$ 384,702	\$ 347,323	\$ 1,238,146
Management and professional	6,063	18,830	208	64,113	139,879	229,093
Travel	3,863	1,084	683	19,200	5,658	30,488
Sales expense	-	-	-	15,348	-	15,348
Promotional	-	73	36,251	305,162	500	341,986
Telephone	-	-	-	12,429	12,035	24,464
Utilities	118,734	-	-	-	-	118,734
Real property maintenance	106,040	-	-	1,200	25,868	133,108
Programming and production	29,720	629,488	-	1,164	-	660,372
Office supplies	160	975	1,977	18,796	6,395	28,303
Postage and freight	-	66	12,570	24,542	183	37,361
Miscellaneous	110	525	2,683	3,633	5,738	12,689
Total operating expenses	378,318	930,167	167,739	850,289	543,579	2,870,092
Contributed services and supplies (Note A10.)	-	-	-	2,187	-	2,187
Interest	5,517	2,775	136	478	626	9,532
Depreciation	155,429	78,171	3,840	13,454	17,643	268,537
Total expenses	<u>\$ 539,264</u>	<u>\$ 1,011,113</u>	<u>\$ 171,715</u>	<u>\$ 866,408</u>	<u>\$ 561,848</u>	<u>\$ 3,150,348</u>

The accompanying *Notes to Financial Statements* are an integral part of these financial statements.

Public Broadcasting of Northwest Pennsylvania, Inc.

STATEMENTS OF CASH FLOWS

	<u>For the year ended June 30,</u>	
	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES -		
Change in net assets	\$ 81,216	\$ 495,914
Adjustments to reconcile decrease in net assets to net cash provided by operating activities -		
Depreciation	268,773	268,537
Net realized/unrealized investment (gain) loss	(26,369)	(27,319)
Change in assets and liabilities -		
(Increase) decrease in trade receivables	(15,772)	27,387
(Increase) decrease in membership receivables	(19,411)	(6,883)
(Increase) decrease in grants receivables	(107,143)	-
(Increase) decrease in prepaid items and other assets	945	(19,883)
Increase (decrease) in trade accounts payables	(91,354)	83,087
Increase (decrease) in deferred revenue	(8,585)	(6,131)
Increase (decrease) in accrued payroll and withholdings	3,634	(1,667)
Increase (decrease) in accrued broadcast rights and expenses	(2,563)	(392)
Net cash provided by (used in) operating activities	<u>83,371</u>	<u>812,650</u>
CASH FLOWS FROM INVESTING ACTIVITIES -		
Net (increase) decrease in broadcast rights	(2,112)	9,537
Payments for property and equipment	(332,908)	(702,317)
Net (increase) decrease in long-term investments	61,667	74,148
Net cash (used in) investing activities	<u>(273,353)</u>	<u>(618,632)</u>
CASH FLOWS FROM FINANCING ACTIVITIES -		
Net line of credit borrowings (repayments)	100,000	(100,000)
Long-term debt borrowings	35,000	-
Repayments of long-term debt	(36,455)	(64,660)
Net cash provided by (used in) investing activities	<u>98,545</u>	<u>(164,660)</u>
Net (decrease) increase in cash	(91,437)	29,358
Cash at beginning of year	<u>226,377</u>	<u>197,019</u>
Cash at end of year	<u>\$ 134,940</u>	<u>\$ 226,377</u>
Supplemental information –		
Interest paid	\$ 11,273	\$ 9,532

The accompanying *Notes to Financial Statements* are an integral part of these financial statements.