

THE WNED FOUNDATION, INC.

FINANCIAL STATEMENTS

JUNE 30, 2020

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
The WNED Foundation, Inc.

We have audited the accompanying balance sheets of The WNED Foundation, Inc. (the Foundation) as of June 30, 2020 and 2019, 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.

Auditors' 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 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 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 Foundation as of June 30, 2020 and 2019, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



September 29, 2020

THE WNED FOUNDATION, INC.

Balance Sheets

June 30,	2020	2019
Assets		
Cash	\$ 89,905	\$ 350,645
Contributions receivable	16,396	45,354
Loan receivable (Note 2)	1,779,000	1,799,000
Interest receivable (Note 2)	512,465	447,425
Investments (Note 3)	23,187,681	22,994,616
Property and equipment, net (Note 4)	484,589	503,694
	<u>\$ 26,070,036</u>	<u>\$ 26,140,734</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 26,863	\$ 985
Loan payable (Note 6)	1,779,000	1,799,000
	<u>1,805,863</u>	<u>1,799,985</u>
Net assets:		
Without donor restrictions	23,956,341	24,038,620
With donor restrictions (Note 7)	307,832	302,129
	<u>24,264,173</u>	<u>24,340,749</u>
	<u>\$ 26,070,036</u>	<u>\$ 26,140,734</u>

See accompanying notes.

THE WNED FOUNDATION, INC.

Statements of Activities

For the years ended June 30,

2020

	Net Assets		
	Without Donor Restrictions	With Donor Restrictions	Totals
Revenues:			
Investment activity:			
Interest and dividends, net	\$ 556,780	\$ 9,966	\$ 566,746
Realized gains	702,295	14,206	716,501
Unrealized losses	(443,364)	(8,969)	(452,333)
Total investment activity	815,711	15,203	830,914
Contributions	272,146	5,000	277,146
Net assets released from restriction	14,500	(14,500)	-
Total revenues	1,102,357	5,703	1,108,060
Expenses:			
Contributions to the Association (Note 5)	1,084,500	-	1,084,500
Management and general:			
In-kind administrative support	7,219	-	7,219
Professional fees	4,075	-	4,075
Interest expense	65,040	-	65,040
Depreciation	19,105	-	19,105
Other	4,697	-	4,697
Total expenses	1,184,636	-	1,184,636
Change in net assets	(82,279)	5,703	(76,576)
Net assets - beginning	24,038,620	302,129	24,340,749
Net assets - ending	\$ 23,956,341	\$ 307,832	\$ 24,264,173

See accompanying notes.

2019

Net Assets		
Without Donor Restrictions	With Donor Restrictions	Totals
\$ 533,930	\$ 7,674	\$ 541,604
822,840	14,107	836,947
(162,142)	(2,780)	(164,922)
<u>1,194,628</u>	<u>19,001</u>	<u>1,213,629</u>
418,127	5,889	424,016
12,750	(12,750)	-
<u>1,625,505</u>	<u>12,140</u>	<u>1,637,645</u>
1,162,750	-	1,162,750
6,435	-	6,435
4,775	-	4,775
79,950	-	79,950
19,105	-	19,105
(3,529)	-	(3,529)
<u>1,269,486</u>	<u>-</u>	<u>1,269,486</u>
356,019	12,140	368,159
<u>23,682,601</u>	<u>289,989</u>	<u>23,972,590</u>
<u>\$ 24,038,620</u>	<u>\$ 302,129</u>	<u>\$ 24,340,749</u>

Statements of Cash Flows

For the years ended June 30,	2020	2019
Operating activities:		
Change in net assets	\$ (76,576)	\$ 368,159
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	19,105	19,105
Net realized and unrealized gains on investments	(264,168)	(672,025)
Net change in other operating assets and liabilities:		
Contributions receivable	28,958	(13,517)
Loan receivable	20,000	25,000
Interest receivable	(65,040)	(79,950)
Accounts payable	25,878	985
Net operating activities	(311,843)	(352,243)
Investing activities:		
Proceeds from sales of investments	5,123,978	2,681,228
Purchases of investments	(5,052,875)	(2,370,595)
Net investing activities	71,103	310,633
Financing activities:		
Net payments on loans payable	(20,000)	(25,000)
Net change in cash	(260,740)	(66,610)
Cash - beginning	350,645	417,255
Cash - ending	\$ 89,905	\$ 350,645

Notes to Financial Statements

1. Summary of Significant Accounting Policies:

Organization:

The WNED Foundation, Inc. (the Foundation) is a nonprofit corporation whose primary purpose is to solicit, collect and invest funds on behalf of Western New York Public Broadcasting Association (the Association), the Foundation's sole member.

The Association is a nonprofit corporation chartered by the New York State Board of Regents to serve the educational, cultural, and informational needs of residents in Western New York and Southern Ontario through the operation of public television and radio stations, the provision of public television and radio programming and outreach activities.

New Accounting Standard Adopted:

In fiscal 2020, the Foundation adopted Financial Accounting Standards Board Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 is a comprehensive new revenue recognition model that addresses the differences between contributions and exchange transactions including guidance on timing of revenue recognition. The adoption of the new standard did not have an impact on the Foundation's recognition of revenue and related accounts.

Subsequent Events:

The Foundation has evaluated events and transactions for potential recognition or disclosure through September 29, 2020, the date the financial statements were available to be issued.

Basis of Presentation:

The Foundation's financial position and activities are reported according to two classes of net asset categories: net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are those whose use has been limited by donors for a specified time period, purpose, or to be maintained by the Foundation in perpetuity.

The New York State Prudent Management of Institutional Funds Act (NYPMIFA) requires the preservation of the fair value of the original donor-restricted endowment gift as of the gift date, absent explicit donor stipulations to the contrary. The Foundation has adopted investment and spending policies for endowment assets that attempt to provide returns sufficient to address the purposes of the assets over the long-term.

Investment earnings of donor-restricted endowment funds are classified as net assets with donor restrictions until those amounts are appropriated by the Foundation in a manner consistent with the standard of prudence prescribed by NYPMIFA.

Cash:

Cash in financial institutions may exceed insured limits at various times during the year and subject the Foundation to concentrations of credit risk.

Investments:

Investments are stated at estimated fair value. The fair value of marketable securities is determined by quoted prices in active markets. The Foundation uses net asset value (NAV) per share (or its equivalent) as a practical expedient to determine the fair value of investments that (i) do not have a readily determinable fair value predicated upon quoted prices in active markets, and (ii) have the attributes of an investment company or prepare their financial statements consistent with the measurement principles of an investment company (Note 3).

Property and Equipment:

Property and equipment is stated at cost or fair market value at the date of donation, net of accumulated depreciation. Depreciation is computed by the straight-line method over estimated service lives.

Contributions:

Contributions, including unconditional promises to give, are reported at fair value at the date received. Gifts are reported as restricted support if they are received with donor stipulations that limit their use. When a donor 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. Contributions whose stipulated purpose restriction is accomplished in the same year as received are reported as an increase in net assets without donor restrictions in the accompanying financial statements.

Tax Status:

The Foundation is a 501(c)(3) corporation exempt from income taxes under Section 501(a) of the Internal Revenue Code.

Use of Estimates:

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Functional Expense Allocation:

The Foundation's costs of providing its services have been summarized on a functional basis in the statements of activities. Accordingly, costs have been allocated among the programs and supporting services directly benefited.

2. Loan Receivable:

Loan receivable represents an advance to the Association including interest at the 1 month LIBOR rate plus 2%. Terms of the loan and repayment plan are reviewed annually by the Board of Trustees. Total interest income for the years ended June 30, 2020 and 2019 was \$65,040 and \$79,950. Accrued interest receivable at June 30, 2020 and 2019 was \$512,465 and \$447,425.

3. Investments:

	Quoted Prices in Active Markets		NAV
2020			
Cash and cash equivalents	\$ 440	\$	-
Fixed income	9,169,061		-
Domestic equities	7,172,062		-
International equities	6,483,846		-
Private equity	-		362,272
	\$ 22,825,409	\$	362,272
2019			
Cash and cash equivalents	\$ 372,109	\$	-
Fixed income	9,094,831		-
Domestic equities	7,040,015		-
International equities	6,283,021		-
Private equity	-		204,640
	\$ 22,789,976	\$	204,640

The Foundation has committed capital of \$1,700,000 to private assets and private equity funds. As of June 30, 2020, the remaining obligation under the commitment totaled approximately \$1,375,000.

4. Property and Equipment:

	2020	2019
Real estate and improvements	\$ 743,550	\$ 743,550
Technical equipment	23,091	23,091
Furniture and fixtures	82,708	82,708
	849,349	849,349
Less accumulated depreciation	364,760	345,655
	\$ 484,589	\$ 503,694

5. Operating and Administrative Support:

The Association currently provides various operating and administrative support to the Foundation at no cost. In-kind revenue and expense recognized by the Foundation totaled \$7,219 and \$6,435 for the years ended June 30, 2020 and 2019.

Contributions by the Foundation to the Association are recorded as expenses when they are approved by the Board of Trustees for payment.

Contributions to the Association totaling \$1,084,500 and \$1,162,750 in 2020 and 2019 were approved to support operating activities and capital improvements in accordance with the Foundation's investment spending plan.

6. Loan Payable:

To facilitate financing the renovation of the Association's building, the Foundation obtained bank demand financing. The note bears interest at rates ranging from the 1 month LIBOR rate plus 2% to prime plus 1%, and is secured by certain investments. Borrowings outstanding at June 30, 2020 and 2019 totaled \$1,779,000 and \$1,799,000.

7. Net Assets With Donor Restrictions:

Net assets with donor restrictions represent the Foundation's endowment assets. The composition of net assets with donor restrictions is as follows:

	2020	2019
Accumulated principal of perpetual endowments	\$ 218,389	\$ 213,389
Unappropriated earnings on perpetual endowments	89,443	88,740
	<u>\$ 307,832</u>	<u>\$ 302,129</u>

8. Financial Assets Available for Operating Purposes:

The Foundation obtains financial assets primarily through contributions and investment income. The financial assets are acquired throughout the year to meet the Foundation's cash needs to provide support to the Association and for general expenditures in accordance with the Foundation's spending policy.

The Foundation's financial assets available within one year of the balance sheet date to meet its cash needs consist of the following at June 30, 2020 and 2019:

	2020	2019
Cash	\$ 89,905	\$ 350,645
Contributions receivable	16,396	45,354
Investments without donor restrictions	22,879,849	22,692,487
	<u>\$ 22,986,150</u>	<u>\$ 23,088,486</u>

9. Risks and Uncertainties:

On January 31, 2020, the United States Secretary of Health and Human Services (HHS) declared a public health emergency related to the global spread of coronavirus COVID-19, and a pandemic was declared by the World Health Organization in February 2020. Efforts to fight the widespread disease included limiting or closing many businesses and resulted in a severe disruption of operations for organizations. Financial markets also experienced a significant decline in value. The extent of the impact of COVID-19 on the Foundation's operational and financial performance will depend on further developments, including the duration and spread of the outbreak and impact on markets all of which cannot be predicted.