

*Consolidated Financial Report*

*Greater New Orleans Educational  
Television Foundation and  
Subsidiaries*

*June 30, 2018*



**Bourgeois Bennett**  
CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS  
A LIMITED LIABILITY COMPANY

*Consolidated Financial Report*

*Greater New Orleans Educational  
Television Foundation and  
Subsidiaries*

*June 30, 2018*

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June 30, 2018 and 2017

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**FINANCIAL SECTION**

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees,  
Greater New Orleans Educational Television Foundation,  
New Orleans, Louisiana.

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of Greater New Orleans Educational Television Foundation (a non-profit organization) and Subsidiaries, which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the notes to the consolidated financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenances of internal control relevant to the preparation and fair presentation of the consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audit contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 the evaluation of the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Greater New Orleans Educational Television Foundation and Subsidiaries as of June 30, 2018, and the consolidated changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited Greater New Orleans Educational Television Foundation and Subsidiaries' consolidated financial statements as of and for the year ended June 30, 2017, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 19, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information (Schedules 1 through 3) is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated November 16, 2018 on our consideration of Greater New Orleans Educational Television Foundation and Subsidiaries' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Greater New Orleans Educational Television Foundation and Subsidiaries' internal control over financial reporting and compliance.

*Bougeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, Louisiana.  
November 16, 2018.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****Greater New Orleans Educational  
Television Foundation and Subsidiaries**

June 30, 2018  
(with comparative totals for 2017)

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 609,790	\$ 580,019
Accounts receivable, net	333,798	777,992
Capital campaign pledges receivable, net of allowances	1,102,528	1,214,587
Note receivable	-	7,720,080
Prepaid expenses and deposits	139,707	91,865
Investments	2,540,861	2,818,230
Property and equipment, net of accumulated depreciation	<u>15,865,643</u>	<u>14,934,754</u>
Total assets	<u>\$ 20,592,327</u>	<u>\$ 28,137,527</u>
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 385,080	\$ 645,169
Line of credit	879,911	1,520,552
Notes payable to bank	783,928	1,125,083
Deferred revenue	1,434,211	1,526,492
Note payable - Community Development Entity	<u>-</u>	<u>8,000,000</u>
Total liabilities	<u>3,483,130</u>	<u>12,817,296</u>
<b>Net Assets</b>		
Unrestricted	15,072,338	13,150,403
Temporarily restricted	1,088,975	1,221,944
Permanently restricted	<u>947,884</u>	<u>947,884</u>
Total net assets	<u>17,109,197</u>	<u>15,320,231</u>
Total liabilities and net assets	<u>\$ 20,592,327</u>	<u>\$ 28,137,527</u>

See notes to consolidated financial statements.

**CONSOLIDATED STATEMENT OF ACTIVITIES**

**Greater New Orleans Educational  
Television Foundation and Subsidiaries**

For the year ended June 30, 2018  
(with comparative totals for 2017)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>	
				<u>2018</u>	<u>2017</u>
<b>Support and Revenues</b>					
Support:					
Contributions	\$ 3,991,994	\$ -	\$ -	\$ 3,991,994	\$ 2,851,210
Grants from the Corporation for Public Broadcasting	601,093	-	-	601,093	632,347
Other grants	384,304	-	-	384,304	315,696
Other support	92,570	-	-	92,570	123,426
In-kind support	659,352	-	-	659,352	526,653
State of Louisiana capital grant	1,380,683	-	-	1,380,683	2,210,025
Revenues:					
Miscellaneous sales, net	31,222	-	-	31,222	17,414
Contract and production services	3,222,806	-	-	3,222,806	3,812,514
Investment income	646,488	-	-	646,488	693,351
Tax credit - motion picture investor	-	-	-	-	125,570
Total support and revenues	11,010,512	-	-	11,010,512	11,308,206
Net assets released from restrictions:					
Expiration of time and purpose restrictions	132,969	(132,969)	-	-	-
Total support and revenues	11,143,481	(132,969)	-	11,010,512	11,308,206
<b>Expenses</b>					
Program services	5,869,504	-	-	5,869,504	6,108,809
Management and general	2,242,608	-	-	2,242,608	1,957,489
Development	1,109,434	-	-	1,109,434	852,428
Total expenses	9,221,546	-	-	9,221,546	8,918,726
<b>Increase (Decrease) in Net Assets</b>	1,921,935	(132,969)	-	1,788,966	2,389,480
<b>Net Assets</b>					
Beginning of year	13,150,403	1,221,944	947,884	15,320,231	12,930,751
End of year	\$ 15,072,338	\$ 1,088,975	\$ 947,884	\$ 17,109,197	\$ 15,320,231

See notes to consolidated financial statements.

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES****Greater New Orleans Educational  
Television Foundation and Subsidiaries**For the year ended June 30, 2018  
(with comparative totals for 2017)

	Program Services	Supporting Services		Total Expenses	
		Management and General	Development	2018	2017
Advertising	\$ 18,722	\$ -	\$ 967	\$ 19,689	\$ 10,239
Board of trustees' expenses	-	1,144	347	1,491	11,409
Building and grounds maintenance	-	62,650	-	62,650	53,032
Building rental	-	262,764	-	262,764	262,542
Capital campaign expense	-	-	71,221	71,221	69,011
Direct mail solicitation	-	-	60,046	60,046	58,521
Employee travel and other personnel costs	261,656	11,947	9,394	282,997	368,624
Equipment rental and maintenance cost	261,757	84,944	16,535	363,236	495,018
Income tax	-	10,934	-	10,934	12,211
Insurance	-	313,249	-	313,249	215,725
Interest	-	207,658	-	207,658	203,812
Membership premiums	-	-	70,623	70,623	79,449
Office supplies	23,972	57,147	23,195	104,314	52,428
Other expenses	56,015	57,864	157,651	271,530	219,538
Postage and shipping	19,245	7,281	42,559	69,085	61,773
Printing	133,005	-	30,506	163,511	158,545
Production costs	32,626	235	14,765	47,626	72,131
Professional services	296,583	128,697	112,269	537,549	444,233
Program rental fees	768,622	-	-	768,622	797,735
Salaries, payroll taxes, contract labor, and employee benefits	2,761,707	776,531	438,732	3,976,970	3,834,637
Taxes - miscellaneous	5,233	381	58	5,672	5,770
Telephone	23,010	32,726	5,999	61,735	55,410
Tower and transmission equipment rental	308,417	-	-	308,417	303,875
Utilities	197,326	-	-	197,326	171,156
	5,167,896	2,016,152	1,054,867	8,238,915	8,016,824
Depreciation and amortization	701,608	226,456	54,567	982,631	901,902
Total functional expenses	<u>\$ 5,869,504</u>	<u>\$ 2,242,608</u>	<u>\$ 1,109,434</u>	<u>\$ 9,221,546</u>	<u>\$ 8,918,726</u>

See notes to consolidated financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS****Greater New Orleans Educational  
Television Foundation and Subsidiaries**

For the year ended June 30, 2018  
(with comparative totals for 2017)

	<u>2018</u>	<u>2017</u>
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$ 1,788,966	\$ 2,389,480
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	982,631	901,902
Donation of property and equipment	(105,353)	-
Realized and unrealized gain on investments	(249,546)	(293,223)
Interest accrued - note receivable	(199,920)	(234,269)
(Increase) decrease in operating assets:		
Accounts receivable and unconditional promises to give	444,194	(37,035)
Prepaid expenses and deposits	(47,842)	(4,800)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	37,936	(49,999)
Deferred revenue	(92,281)	93,372
Revenues restricted for the acquisition of property and equipment:		
Capital campaign contributions, net of unamortized discount	(1,141,497)	(266,699)
State of Louisiana capital grant	<u>(1,380,683)</u>	<u>(2,210,025)</u>
Net cash provided by operating activities	<u>36,605</u>	<u>288,704</u>

**Exhibit D  
(Continued)**

	<u>2018</u>	<u>2017</u>
<b>Cash Flows From Investing Activities</b>		
Purchases of property and equipment	(1,808,167)	(4,990,876)
Proceeds from sales and maturities of investments	868,425	947,424
Purchases of investments	(341,510)	(362,290)
Collection of note receivable	7,920,000	-
	<u>6,638,748</u>	<u>(4,405,742)</u>
Net cash provided by (used in) investing activities		
	<u>6,638,748</u>	<u>(4,405,742)</u>
<b>Cash Flows From Financing Activities</b>		
Payment on short term trade accounts payable used to finance property and equipment acquisitions	-	(292,374)
Collections of capital campaign support	2,634,239	2,838,505
Payments on notes payable	(341,155)	(408,849)
Proceeds from line of credit	-	3,264,819
Payments on line of credit	(640,641)	(1,740,232)
Payment of note payable - Community Development Entity	(8,000,000)	-
Payment of short term trade accounts payable used to finance property and equipment acquisitions	(298,025)	-
	<u>(6,645,582)</u>	<u>3,661,869</u>
Net cash provided by (used in) financing activities		
	<u>(6,645,582)</u>	<u>3,661,869</u>
<b>Net Increase (Decrease) in Cash, Restricted Cash, and Cash Equivalents</b>	29,771	(455,169)
<b>Cash and Cash Equivalents</b>		
Beginning of year	<u>580,019</u>	<u>1,035,188</u>
End of year	<u>\$ 609,790</u>	<u>\$ 580,019</u>

See notes to consolidated financial statements.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****Greater New Orleans Educational  
Television Foundation and Subsidiaries**

June 30, 2018 and 2017

**Note 1 - NATURE OF ACTIVITIES**

WYES-TV is a community-owned, nonprofit public television station serving metropolitan New Orleans, southeastern Louisiana, and Mississippi Gulf Coast regions. Affiliated with the Public Broadcasting Service, WYES-TV is licensed to the Greater New Orleans Educational Television Foundation and governed by a board of trustees comprised of civic-minded individuals and distinguished community leaders.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****a. Organization and Income Taxes**

The Greater New Orleans Educational Television Foundation (the "Foundation") is a nonprofit corporation organized under the laws of the State of Louisiana to provide educational television broadcast service to the New Orleans area. It is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code, and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the Code. It is also exempt from Louisiana income tax under the authority of R.S. 47:121(5). Net operating profits from unrelated business income are subject to Federal income tax.

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. As of June 30, 2018 and 2017, management believes the Foundation and its Subsidiaries have no uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements. Tax years ended June 30, 2015 and later remain subject to examination by taxing authorities.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**a. Organization and Income Taxes (Continued)**

Effective July 1, 1982, the Foundation incorporated a wholly-owned subsidiary, Yescom Enterprises, Inc. ("Yescom"). The purpose of this corporation is to engage primarily in providing remote production services to third parties on a for-profit basis. All revenues generated by Yescom are dedicated to the Foundation and are used to fulfill the Foundation's exempt purpose.

John Besh's My New Orleans, L.L.C. ("Besh"), wholly owned by the Foundation was founded in February 2010 to aid in the production of a television series. On October 12, 2015, Besh amended its articles of incorporation to change its corporate name to WYES Media Services, L.L.C. ("WYES Media Services").

On April 7, 2011, WYES-GO, LLC ("WYES-GO") was established to operate exclusively for the benefit of the Greater New Orleans Educational Television Foundation, to support the production and management of public television and related activities of the Foundation, and to facilitate the New Markets Tax Credit transaction as described in Note 13. WYES-GO is owned 90% by the Foundation and 10% by an unrelated entity. On May 31, 2018, WYES-GO was dissolved due to the completion of the New Markets Tax Credit transaction.

Yescom, WYES Media Services, and WYES-GO are collectively the "Subsidiaries".

**b. Use of Estimates**

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

**c. Basis of Accounting**

The consolidated financial statements of the Greater New Orleans Educational Television Foundation and Subsidiaries are prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**d. Basis of Presentation**

Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and Subsidiaries and changes therein are classified and reported as follows:

**Unrestricted Net Assets** - Net assets not subject to donor-imposed stipulations that are available to support the general operations of the Foundation.

**Temporarily Restricted Net Assets** - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time.

**Permanently Restricted Net Assets** - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

**e. Consolidation**

The accompanying consolidated financial statements present the combined assets, liabilities, and net assets of the Foundation and its Subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

**f. Cash and Cash Equivalents**

The Foundation and its Subsidiaries consider investments in money market funds to be cash equivalents, except for money market funds maintained in investment brokerage accounts which are reported as investments (see Note 8).

**g. Investments**

Investments in marketable securities, including mutual funds, common stocks, certificates of deposits, and other investments are carried at fair market value in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Consolidated Statement of Activities.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**g. Investments (Continued)**

Unrealized gains and losses on investments are recorded as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or law. Interest earned on donor restricted investments is reported based on the existence or absence of donor-imposed restrictions. Realized gains and losses on the sales of securities are determined using the specific-identification method. A decline in the fair value of investments below cost that is deemed to be other than temporary, results in a charge to the change in net assets, and the establishment of a new cost basis for the investment.

**h. Promises to Give**

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

**i. Contributions and Revenue Recognition**

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Consolidated Statement of Activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting periods are reported as unrestricted support.

**j. Allowance for Uncollectible Accounts**

The Foundation and its Subsidiaries provide for estimated uncollectible accounts receivable on a specific account basis as determined by management. Accounts receivable are comprised principally of balances due from third parties for remote production services. Management has recorded an allowance of \$13,000 for accounts it deems unlikely to collect as of June 30, 2018 and 2017. The Foundation provides for estimated uncollectible capital pledges receivable based on management's analysis of specific promises made. Management believes all pledges are collectible, and there is no allowance for uncollectible capital campaign pledges receivable as of June 30, 2018 and 2017.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**k. Property and Equipment**

The Foundation and its Subsidiaries record all property and equipment acquisitions at cost except for those received through donation, which are recorded at estimated value as of the date of donation. Such donations are reported as unrestricted support. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation and its Subsidiaries report expirations of donor restrictions when the donated assets are placed in service as instructed by the donor. The Foundation and its Subsidiaries reclassify temporarily restricted net assets to unrestricted net assets at that time.

Property and equipment acquired with funds received through grants or contributions which stipulate a time period for the asset to be maintained are reported as temporarily restricted net assets. Temporarily restricted net assets are reclassified to unrestricted net assets for expiration of time restrictions as the assets are depreciated or the time period expires.

Repairs and maintenance are charged to expense as incurred. It is the Foundation's policy to capitalize major renewals, replacements, and betterments of \$2,500 or more. Depreciation and amortization are determined using the straight-line method and are intended to write-off the cost of the property and equipment over their estimated useful lives which range from 3 to 39 years.

**l. In-kind Support**

On June 8, 1970, the Foundation exchanged operating frequencies with WVUE, a station owned and operated at that time by Screen Gems Broadcasting of Louisiana, Inc. Emmis Televisions Broadcasting, L.P. acquired the transmitter facilities and assumed the rights and obligations of the original exchange agreement. The exchange agreement required certain items of compensation to be paid to the Foundation. On November 30, 2003, the existing agreement was terminated by a new agreement under which the Foundation was paid a buyout payment of \$3,500,000 (see Note 2m) and a new antenna and transmission line, owned by the Foundation, was constructed. The Foundation will continue to receive the substantially free lease on the transmittal facilities, which is \$1 per year for 20 years through November 30, 2023 (see Note 15). The Foundation's policy is to record the current rental value as revenue and recognize a corresponding amount as an expense of fulfilling its exempt purposes. The current rental value is the amount that would be charged to a commercial customer as documented by Emmis Television Broadcasting, L.P. doing business as WVUE.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**l. In-kind Support (Continued)**

The Foundation records the value of the substantially free use of the land occupied by its studio and office building and recognizes a similar amount as expense.

Beginning in July of 2004, grant money was transferred to Louisiana Public Broadcasting (LPB) under a cooperative endeavor agreement. This grant money was used by LPB to purchase transmission equipment to be used by the Foundation. The use of the transmission equipment is at no cost to the Foundation, other than general maintenance, as long as the mission of public broadcasting does not change. In return, the State of Louisiana owns and insures the equipment. The estimate of the annual in-kind contributions and rental expense is \$213,029 for both the years ended June 30, 2018 and 2017.

**m. Deferred Revenue**

The Foundation received \$3,500,000 under an agreement with Emmis Televisions Broadcasting, L.P. for the exchange of operating frequencies with WVUE which covers a 20 year period ending in 2023 (see Note 2m). This amount is being amortized on a straight line basis over the life of the agreement, which makes the Foundation responsible for the payment of the operating expenses of the transmittal facilities. Deferred revenue related to this agreement as of June 30, 2018 and 2017 was \$947,917 and \$1,122,917, respectively. Other deferred revenues totaled \$486,294 and \$403,575 as of June 30, 2018 and 2017, respectively.

**n. Program Rental Fees**

Costs incurred for the acquisition of programs are amortized on a straight-line basis over the period of time in which the Foundation has rights to broadcast the programs as specified in the lease agreements with the program distributors.

**o. Unemployment Benefits**

In lieu of unemployment tax contributions, the Foundation has elected under the Louisiana Employment Security Law to reimburse the State of Louisiana for benefits paid by the State and charged against the account of the Foundation. The Foundation recognizes this expense in the period for which the benefits are billed by the State. The Subsidiaries pay unemployment taxes based on statutory rates on wages paid.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**p. Allocated Expenses**

The costs of providing the various programs and other activities are summarized in the Consolidated Statement of Functional Expenses. Certain expenses have been allocated among the programs and supporting services based on management's estimate of the costs involved.

**q. Reclassifications**

Certain amounts in the 2017 financial statements have been reclassified to conform to the 2018 financial statement presentation.

**r. Subsequent Events**

Management evaluates events occurring subsequent to the date of the consolidated financial statements in determining the accounting for and disclosure of transactions and events that effect the consolidated financial statements. Subsequent events have been evaluated through November 16, 2018, which is the date the consolidated financial statements were available to be issued.

**Note 3 - CONCENTRATION OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS**

The Foundation and its Subsidiaries maintain cash balances at several local financial institutions where they are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. As of June 30, 2018, cash deposits in excess of the insured limits were approximately \$266,000.

**Note 4 - RESTRICTIONS ON ASSETS**

Temporarily restricted and permanently restricted net assets are restricted by donors for specific purposes or designated for subsequent periods. Cash and investments raised through the capital campaigns are restricted for the acquisition of property and equipment. Restrictions on such funds are considered to expire when payment for the designated purpose is made. Temporarily restricted net assets available for the capital campaign were \$1,088,975 and \$1,221,944 as of June 30, 2018 and 2017, respectively.

Permanently restricted net assets is endowment principal of \$947,884, which includes cash and investments.

**Note 5 - LIMITED USE ASSETS**

The Foundation maintains a separate bank account for the capital campaign (Note 6). The balance as of June 30, 2017 was \$597. This account has a balance of zero as of June 30, 2018.

**Note 6 - CAPITAL CAMPAIGN PLEDGES RECEIVABLE/FUNDS HELD FOR OTHERS**

During the year ended June 30, 2012, the Foundation entered into Capital Campaign Phase II. The purpose of the campaign is to raise approximately \$5,500,000 from private sources for the construction of an administration building that will house programming, educational outreach, local and national productions, volunteers, public information, membership and special events, and Foundation personnel. The balance of pledges receivable, which are all deemed collectible by management, totaled \$1,102,528 and \$1,214,587 as of June 30, 2018 and 2017, respectively. As of June 30, 2018, the Foundation has raised pledges totaling \$5,938,026, exceeding the goal by approximately \$438,000. The Foundation has discounted the value of future pledges receivables by using an effective interest rate of 5%.

The details of pledges receivable as of June 30, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Pledges receivable at beginning of year	\$ 1,383,249	\$ 1,901,903
New pledges made during the year	1,084,540	206,295
Less:		
Cash received	<u>(1,253,556)</u>	<u>(724,949)</u>
Pledges receivable at end of year	1,214,233	1,383,249
Unamortized discount	<u>(111,705)</u>	<u>(168,662)</u>
Totals	<u>\$ 1,102,528</u>	<u>\$ 1,214,587</u>

**Note 6 - CAPITAL CAMPAIGN PLEDGES RECEIVABLE/FUNDS HELD FOR OTHERS**  
**(Continued)**

	2018	2017
Amounts due in:		
Less than one year	\$ 330,900	\$ 365,249
One to five years	883,333	768,000
Six to ten years	-	250,000
	\$ 1,214,233	\$ 1,383,249

**Note 7 - NOTE RECEIVABLE**

The Foundation entered into an agreement on May 31, 2011, to lend to COCRF Investor I, LLC a maximum aggregate amount of \$6,420,000. The note is secured by certain funds on deposit at a local financial institution. The outstanding principal and accrued interest as of June 30, 2017 totaled \$7,720,080. The note accrues interest at the rate of approximately 4.8% per annum. Interest payments in the amount of 2% are paid semi-annually on March 31<sup>st</sup> and September 30<sup>th</sup>. The unpaid interest of 2.8% on the outstanding principal continued to accrue through the maturity date of May 31, 2018.

Interest earned on this note for the year ended June 30, 2018 was approximately \$352,000, of which approximately \$152,000 was collected and \$199,920 was added to the balance of the note receivable. Interest earned on this note for the year ended June 30, 2017 was approximately \$364,000, of which approximately \$130,000 was collected and \$234,000 was added to the balance of the note receivable. As of June 30, 2017, approximately \$1,300,000 of accrued interest is included in the note receivable balance.

On June 1, 2018, all outstanding principal and interest on the note, which totaled \$7,920,000, was paid in full.

**Note 8 - INVESTMENTS**

Investments are stated at fair market value as of June 30, 2018 and 2017 and consist of the following:

Description	2018	
	Cost	Market Value
Equity securities	\$ 1,418,343	\$ 1,793,318
Corporate bonds and U.S. Government Agency obligations	698,816	692,304
Money market funds	55,239	55,239
Total investments	\$ 2,172,398	\$ 2,540,861
	2017	
Description	Cost	Market Value
Equity securities	\$ 1,697,190	\$ 1,975,140
Corporate bonds and U.S. Government Agency obligations	598,644	601,454
Money market funds	241,636	241,636
Total investments	\$ 2,537,470	\$ 2,818,230

Investment return for the year ended June 30, 2018 is summarized as follows:

	Cost	Market Value	Excess of Market Value Over Cost
Balances as of June 30, 2018	\$ 2,172,398	\$ 2,540,861	\$ 368,463
Balances as of June 30, 2017	\$ 2,537,470	\$ 2,818,230	280,760
Increase in unrealized appreciation			\$ 87,703
Interest and dividend income (including interest on note receivable)			\$ 396,942
Unrealized gain			87,703
Realized gain, net			161,843
Investment income, net			\$ 646,488

**Note 8 - INVESTMENTS (Continued)**

Investment return for the year ended June 30, 2017 is summarized as follows:

	Cost	Market Value	Excess of Market Value Over Cost
Balances as of June 30, 2017	\$ 2,537,470	\$ 2,818,230	\$ 280,760
Balances as of June 30, 2016	\$ 3,097,987	\$ 3,110,141	12,154
Increase in unrealized appreciation			\$ 268,606
Interest and dividend income (including interest on note receivable)			\$ 400,128
Unrealized gain			268,606
Realized gain, net			24,617
Investment income, net			\$ 693,351

Investment income is presented net of custodian fees of approximately \$27,000 and \$29,000 for the years ended June 30, 2018 and 2017, respectively.

**Note 9 - FAIR VALUE MEASUREMENTS**

The framework for measuring fair value provides a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in the active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under the Financial Accounting Standards Board Accounting Standards Codification Topic 820, Fair Value Measurements are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;

**Note 9 - FAIR VALUE MEASUREMENTS (Continued)**

- inputs other than quoted prices that are observable for the asset or liability; and/or
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset'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.

- *Money market funds*: Valued at quoted market prices, which represent the net asset value per unit. These are included in Level 1 of the fair value hierarchy.
- *Equity securities, corporate bonds, and U.S. Government Agency obligations*: Valued at the closing price reported on the active market on which the individual securities are traded. These are included in Level 1 of the fair value hierarchy.

The methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**Note 9 - FAIR VALUE MEASUREMENTS (Continued)**

As of June 30, 2018 and 2017, assets measured at fair value on a recurring basis are comprised of and determined as follows:

Description	Total Assets Measured at Fair Value	2018		
		Based on		
		Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Equity securities	\$ 1,793,318	\$ 1,793,318	\$ -	\$ -
Corporate bonds and U.S. Government Agency obligations	692,304	692,304	-	-
Money market funds	55,239	55,239	-	-
Totals	<u>\$ 2,540,861</u>	<u>\$ 2,540,861</u>	<u>\$ -</u>	<u>\$ -</u>

  

Description	Total Assets Measured at Fair Value	2017		
		Based on		
		Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Equity securities	\$ 1,975,140	\$ 1,975,140	\$ -	\$ -
Corporate bonds and U.S. Government Agency obligations	601,454	601,454	-	-
Money market funds	241,636	241,636	-	-
Totals	<u>\$ 2,818,230</u>	<u>\$ 2,818,230</u>	<u>\$ -</u>	<u>\$ -</u>

As of June 30, 2018 and 2017, there were no assets measured at fair value on a non-recurring basis.

**Note 10 - PROPERTY AND EQUIPMENT**

As of June 30, 2018 and 2017, property and equipment and accumulated depreciation was as follows:

	2018	2017
Remote production equipment	\$ 11,709,358	\$ 11,693,698
Equipment	4,613,094	3,276,260
Leasehold improvements	14,812,181	7,511,032
Construction in progress	-	7,899,196
Office equipment	362,939	331,172
Vehicles	70,714	70,714
	31,568,286	30,782,072
Less accumulated depreciation	(15,702,643)	(15,847,318)
Net property and equipment	\$ 15,865,643	\$ 14,934,754

Depreciation and amortization expense was \$982,631 and \$901,902 for the years ended June 30, 2018 and 2017, respectively.

**Note 11 - BANK LINES OF CREDIT**

The Foundation has a \$2,600,000 line of credit with Iberia Bank. Interest is due monthly at LIBOR - one month + 1.75% (3.85% and 2.98% as of June 30, 2018 and 2017, respectively). The line of credit expired on October 13, 2018 and was extended through April 11, 2019. The line of credit is collateralized by a negative pledge agreement. The balance outstanding as of June 30, 2018 and 2017 was \$879,911 and \$1,502,552, respectively. The Foundation incurred interest expense of \$37,890 and \$19,286 relating to the line of credit for the years ended June 30, 2018 and 2017, respectively.

The Foundation has a \$750,000 line of credit with Hancock Whitney Bank (formerly Whitney Bank). Interest is due monthly at LIBOR ICE - one month + 2.50% (4.35% and 3.47% as of June 30, 2018 and 2017, respectively). The line of credit expired on November 16, 2017 and was extended through November 16, 2018. There was no balance due as of June 30, 2018 and 2017. The Foundation incurred interest expense relating to the line of credit for the year ended June 30, 2018 of \$8,780.

**Note 12 - NOTES PAYABLE TO BANK**

The Foundation is obligated on the following notes payable as of June 30, 2018 and 2017:

	2018	2017
<p>Note payable to Capital One Community Renewal Fund, LLC, bearing interest at 1.605%, due semi-annually, principal is due May 31, 2018, secured by a guarantee by the Foundation, a leasehold mortgage on the assets constructed, and certain deposits held by a financial institution of the Foundation.</p>	\$ -	\$ 8,000,000
<p>Note payable to Hancock Whitney Bank. The note is due in 59 equal monthly installments of principal and interest of \$11,765 through November 2017. The note bears interest at 3.25% and is secured by high definition mobile</p>	-	58,570
<p>Note payable to Hancock Whitney bank. The note was converted from a line of credit to a term note in January 2016 and is due in 59 monthly installments of principal and interest ending January 31, 2021. The note bears interest equal to the higher of the Wall Street Journal Prime Rate (5.00% and 4.25% as of June 30, 2018 and 2017, respectively) or 3.75% and is secured by trailers and production equipment.</p>	<u>783,928</u>	<u>1,066,513</u>
<p>Totals</p>	<u>\$ 783,928</u>	<u>\$ 9,125,083</u>

**Note 12 - NOTES PAYABLE TO BANK (Continued)**

Future principal payments to be made on these notes as of June 30, 2018 are as follows:

Year Ending June 30,	
2019	\$ 293,531
2020	304,857
2021	185,540
2022	<u>          -</u>
Total	<u>\$ 783,928</u>

Interest expense incurred on these notes was approximately \$161,000 and \$184,000 for the years ended June 30, 2018 and 2017, respectively.

**Note 13 - NEW MARKETS TAX CREDIT**

During the year ended June 30, 2011, the Foundation and WYES-GO began a capital construction project to repair and rebuild facilities previously damaged due to Hurricane Katrina. However, in order to receive additional financing for the construction and better than market loan terms, a credit agreement was executed on May 31, 2011 by and among the Foundation and Capital One Community Renewal Fund, LLC, a community development entity (COCRF or the "Lender"). These loans qualify as a "quality low income community investment" and generate certain tax credits called New Markets Tax Credit (NMTC) under Section 45D of the Internal Revenue Code. To qualify, WYES-GO complied with certain representations, warranties, and covenants, including continuing to qualify as a qualified low-income community business. WYES GO realized benefits from the New Markets Tax Credit Program of the Community Development Financial Institution Fund (CDFI), a branch of the U.S. Department of Treasury.

The Lender agreed to make a loan to WYES-GO totaling \$8,000,000. The loan is secured by a security agreement executed by WYES-GO granting a lien on certain accounts, a guarantee by the Foundation, and a leasehold mortgage on the assets being constructed on land that is leased.

On June 1 2018, WYES-GO repaid the outstanding principal and all accrued interest.

**Note 14 - ENDOWMENT**

*The Endowments.* The Foundation's Endowment Fund consists of one fund established for support of operations and facility maintenance costs and includes donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

*Interpretation of Relevant Law.* The Board of Trustees has interpreted the Uniform Prudent Management 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 funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies the following amounts as permanently restricted net assets in the accompanying consolidated financial statements:

- the original value of the gifts donated to the permanent endowment;
- the original value of subsequent gifts to the permanent endowment;
- when applicable, accumulations to the permanent endowment, made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. There were no additional gifts during the years ended June 30, 2018 and 2017.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- the duration and preservation of the fund;
- the purposes of the Foundation and the donor-restricted endowment fund;
- general economic conditions;
- the possible effect of inflation and deflation;
- the expected total return from income and the appreciation of investments;
- other resources of the Foundation; and
- the investment policies of the Foundation.

**Note 14 - ENDOWMENT (Continued)**

Endowment net asset composition by type of fund as of June 30, 2018 and 2017 is as follows:

	2018		
	Unrestricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 947,884	\$ 947,884
	2017		
	Unrestricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 947,884	\$ 947,884

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

	2018		
	Unrestricted	Permanently Restricted	Totals
Net assets, beginning of the year	\$ -	\$ 947,884	\$ 947,884
Investment gain	104,541	-	104,541
Transfers to operations	(104,541)	-	(104,541)
Net assets, end of the year	\$ -	\$ 947,884	\$ 947,884
	2017		
	Unrestricted	Permanently Restricted	Totals
Net assets, beginning of the year	\$ -	\$ 947,884	\$ 947,884
Investment gain	110,470	-	110,470
Transfers to operations	(110,470)	-	(110,470)
Net assets, end of the year	\$ -	\$ 947,884	\$ 947,884

**Note 14 - ENDOWMENT (Continued)**

*Funds with Deficiencies.* From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that either the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. These deficiencies can result from unfavorable market fluctuations and when continued appropriations for certain programs that were deemed prudent by the Board of Trustees occur in concurrence with the unfavorable market fluctuations. There were no such deficiencies as of June 30, 2018 and 2017.

*Return Objectives and Risk Parameters.* Endowment assets include donor restricted funds that the Foundation must hold in perpetuity. Under the investment policy, as approved by the Board of Trustees, permanent gifts to the Foundation are invested in a combination of fixed income and equity investments placed with an investment advisor who has been provided with specific guidelines for the portfolio composition within certain percentage ranges. Such guidelines prohibit investments considered at high risk such as derivatives, commodities, futures, options, purchases on margins, and short sales. The finance committee receives reports from the investment advisor and periodically reviews the investment guidelines.

*Strategies Employed for Achieving Objectives.* To satisfy its long-term rate of return objectives, management believes that asset allocation is the major determinant of investment performance and relies on a long-term asset allocation plan, consistent with the Foundation's investment objectives and performance goals. The Foundation targets a diversified asset allocation that is divided between equities (range between 65% and 85% with a target of 75%) and fixed income (range between 15% and 35% with a target of 25%).

*Spending Policy and How Investment Objectives Relate to the Spending Policy.* The Foundation adopted a policy of appropriating for distribution for operational spending, no more than 5% annually of the total endowment fund, including earnings. Earnings that exceed the allowed annual distribution shall remain in the fund to offset potential market losses so as to preserve the original corpus of the donor-restricted endowment funds.

**Note 15 - IN-KIND SUPPORT - RENTAL VALUE OF LEASED FACILITIES AND OTHER**

The television station, transmission tower, and land are leased through November 30, 2023, at \$1 per year. The fair market rental value as established by WVUE for the tower, antenna, and land occupied by the Foundation was valued at approximately \$95,388 and \$90,846 for the years ended June 30, 2018 and 2017, respectively.

**Note 15 - IN-KIND SUPPORT - RENTAL VALUE OF LEASED FACILITIES AND OTHER**  
**(Continued)**

The fair value of transmission equipment owned by LPB and leased to the Foundation for no rent was \$213,029 for both the years ended June 30, 2018 and 2017.

The television studio and office building are located on land leased through January 31, 2035 at \$1 per year. An independent appraisal performed in April 2016 established a fair rental value for the land at \$200,000 for both the years ended June 30, 2018 and 2017.

The Foundation recorded the value of certain in-kind goods and services received of \$150,935 and \$22,778 for the years ended June 30, 2018 and 2017, respectively.

The fair rental values of the above described properties have been recorded as support and expenses in the years ended June 30, 2018 and 2017 as follows:

	2018	2017
<u>Support</u>		
Transmitter in-kind rent:		
Tower and facility	\$ 95,388	\$ 90,846
Transmission equipment	213,029	213,029
Studio and office building in-kind rent	200,000	200,000
Other goods and services	150,935	22,778
Total support	\$ 659,352	\$ 526,653
 <u>Expenditures</u>		
Tower rental	\$ 95,388	\$ 90,846
Transmission equipment	213,029	213,029
Land rental	200,000	200,000
Donated goods and services	150,935	22,778
Total expenditures	\$ 659,352	\$ 526,653

Numerous volunteers have donated significant amounts of time to the Foundation's fund-raising campaigns and programs. No amounts have been reflected in the consolidated financial statements because they did not meet the criteria for recognition under FASB ASC 958, *Not-for-Profit Entities*.

**Note 16 - COMMITMENTS AND CONTINGENCIES**

The television studio and office building are located on land leased from the City of New Orleans for \$1 per year for a 50 year period ending January 31, 2035.

The Foundation began outsourcing some of their accounting responsibilities to National Educational Telecommunications Association (NETA) in July 2013. The professional fees under this agreement totaled approximately \$48,000 and \$56,500 for the years ended June 30, 2018 and 2017, respectively. The agreement was revised and updated effective March 1, 2018 through February 28, 2019 with payments totaling \$38,550 for the term of the contract.

YESCOM leased a facility to store its trucks under an operating lease through July 2019 for \$4,500 per month. Rent expense was \$54,000 for each of the years ended June 30, 2018 and 2017.

Future minimum lease payments due on these leases as of June 30, 2018 are as follows:

Year Ending June 30,	Amount
2019	\$ 54,000
2020	4,500
	\$ 58,500

**Note 17 - UNRELATED BUSINESS INCOME**

Revenues from certain projects are considered unrelated business income of a nonprofit organization by the Internal Revenue Service. Any net operating profits derived from such projects are subject to Federal unrelated business income tax.

The Foundation derives revenue from the rental of the remote production vehicles (see Note 18). This income is reported as unrelated business income in the Foundation's Exempt Organization Business Income Tax Return ("Form 990T"). There was no net taxable income for the year ended June 30, 2018. For the year ended June 30, 2017, the Foundation reported income tax expense from its unrelated business income activities of approximately \$11,000. Income tax payments totaled approximately \$9,000 for the year ended June 30, 2018. No payments were made during the year ended June 30, 2017. As of June 30, 2018 and 2017, refundable income tax was approximately \$10,000 and \$1,000, respectively.

The Foundation has a net operating loss of approximately \$371,000 that can be carried forward indefinitely.

**Note 18 - SUBSIDIARY OPERATIONS AND INCOME TAXES**

Yescom, the Foundation's wholly-owned subsidiary, derives income by providing remote production services with two remote production vehicles, production services at the Foundation's facility, and other services to third parties. This income is reported in Yescom's U.S. Corporation Income Tax Returns.

Yescom's operations resulted in net income of approximately \$82,000 for the year ended June 30, 2018. For the years ended June 30, 2018 and 2017, Yescom utilized portions of its accumulated net operating loss carry forward and reported tax expenses of approximately \$11,000 and \$1,200 respectively. Income tax payments totaled approximately \$3,100 for the year ended June 30, 2018. Yescom made estimated tax payments of approximately \$3,000 during the year ended June 30, 2018. No payments were made during the year ended June 30, 2017. Income taxes payable as of June 30, 2018 and 2017 were approximately \$8,000 and \$1,200 respectively.

**Note 19 - BROADCAST HOURS**

Broadcast hours of the television station were 8,760 (unaudited) on each of the 3 channels for a total of 26,280 hours for both years ended June 30, 2018 and 2017.

**Note 20 - RETIREMENT PLAN**

The Foundation has a retirement program whereby its employees participate in the TIAA Retirement Annuity Program, a Tax-Sheltered Annuity. Subsequent to Board approval, the Foundation provided a 2.33 to 1 discretionary matching contribution for elective employee contributions up to 3% of qualified earnings for both years ended June 30, 2018 and 2017. As of June 30, 2018, 25 employees were participating in the program. Retirement expenses under this plan totaled \$83,171 and \$91,961 for the years ended June 30, 2018 and 2017, respectively.

**Note 21 - SUPPLEMENTAL CASH FLOWS INFORMATION**

Cash payments of interest (for notes payable and short term financing arrangements) during the years ended June 30, 2018 and 2017 were approximately \$208,000 and \$204,000, respectively.

Cash payments of income taxes during the year ended June 30, 2018 were approximately \$12,000. No payments were made during the year ended June 30, 2017.

**Note 21 - SUPPLEMENTAL CASH FLOWS INFORMATION (Continued)**

For the year ended June 30, 2018, non-cash investing and financing transactions of the Foundation included donated property and equipment of \$105,353. For the year ended June 30, 2017, these transactions included property and equipment acquisitions of \$298,025 through accounts payable.

**Note 22 - RISKS AND UNCERTAINTIES**

In general, investment securities are exposed to various risks, such as interest rate, currency, and credit and market volatility. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in risk in the near term would materially affect the fair market value of investments held by the Foundation.

**Note 23 - RELATED PARTY TRANSACTIONS**

The Foundation rents equipment and purchases other production services from M3 Systems, which is partly owned by the president of Yescom. Rentals and services purchased from M3 totaled approximately \$13,000 and \$30,000 for the years ended June 30, 2018 and 2017, respectively.

**SUPPLEMENTAL INFORMATION**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION****Greater New Orleans Educational  
Television Foundation and Subsidiaries**

June 30, 2018

	Foundation	Yescom	WYES Media Services	WYES-GO	Eliminations	Totals
<b>Assets</b>						
Cash and cash equivalents	\$ 127,939	\$ 53,448	\$ 428,403	\$ -	\$ -	\$ 609,790
Accounts receivable, net	70,270	263,528	-	-	-	333,798
Capital campaign pledges receivable, net	1,102,528	-	-	-	-	1,102,528
Prepaid expenses and deposits	118,833	13,373	7,501	-	-	139,707
Investments	2,540,861	-	-	-	-	2,540,861
Property and equipment, net of accumulated depreciation	15,865,643	-	-	-	-	15,865,643
Investment in Yescom (subsidiary)	10,000	-	-	-	(10,000)	-
Due from (due to) subsidiaries, net	-	24,769	284,120	-	(308,889)	-
Total assets	<u>\$ 19,836,074</u>	<u>\$ 355,118</u>	<u>\$ 720,024</u>	<u>\$ -</u>	<u>\$ (318,889)</u>	<u>\$ 20,592,327</u>
<b>Liabilities</b>						
Accounts payable and accrued expenses	\$ 293,483	\$ 86,437	\$ 5,160	\$ -	\$ -	\$ 385,080
Line of credit	879,911	-	-	-	-	879,911
Notes payable to bank	783,928	-	-	-	-	783,928
Deferred revenue	1,004,211	-	430,000	-	-	1,434,211
Due to/from parent, net	308,889	-	-	-	(308,889)	-
Total liabilities	<u>3,270,422</u>	<u>86,437</u>	<u>435,160</u>	<u>-</u>	<u>(308,889)</u>	<u>3,483,130</u>
<b>Net Assets</b>						
Common stock	-	10,000	-	-	(10,000)	-
Net assets (deficit):						
Unrestricted	14,528,793	258,681	284,864	-	-	15,072,338
Temporarily restricted	1,088,975	-	-	-	-	1,088,975
Permanently restricted	947,884	-	-	-	-	947,884
Total net assets (deficit) and common stock	<u>16,565,652</u>	<u>268,681</u>	<u>284,864</u>	<u>-</u>	<u>(10,000)</u>	<u>17,109,197</u>
Total liabilities, net assets (deficit) and common stock	<u>\$ 19,836,074</u>	<u>\$ 355,118</u>	<u>\$ 720,024</u>	<u>\$ -</u>	<u>\$ (318,889)</u>	<u>\$ 20,592,327</u>

**CONSOLIDATING STATEMENT OF ACTIVITIES****Greater New Orleans Educational  
Television Foundation and Subsidiaries**

For the year ended June 30, 2018

	Foundation	Yescom	WYES Media Services	WYES-GO	Eliminations	Totals
<b>Changes in Unrestricted Net Assets</b>						
Support and revenues:						
Support:						
Contributions	\$ 3,991,994	\$ -	\$ -	\$ -	\$ -	\$ 3,991,994
Grants from the Corporation for Public Broadcasting	601,093	-	-	-	-	601,093
Other grants	90,000	-	294,304	-	-	384,304
Other support	92,570	-	-	-	-	92,570
In-kind support	659,352	-	-	-	-	659,352
State of Louisiana capital grant	1,380,683	-	-	-	-	1,380,683
Revenues:						
Miscellaneous sales	31,222	-	-	-	-	31,222
Contract and production services	600,330	3,168,476	-	-	(546,000)	3,222,806
Investment income	646,487	-	-	1	-	646,488
Management fees	-	-	-	1,065,350	(1,065,350)	-
Total unrestricted support and revenues	8,093,731	3,168,476	294,304	1,065,351	(1,611,350)	11,010,512
Net assets released from restrictions	132,969	-	-	-	-	132,969
Total unrestricted support and revenues	8,226,700	3,168,476	294,304	1,065,351	(1,611,350)	11,143,481

**Schedule 2  
(Continued)**

	Foundation	Yescom	WYES Media Services	WYES-GO	Eliminations	Totals
<b>Changes in Unrestricted Net Assets (Continued)</b>						
Expenses:						
Program services	2,524,394	2,709,575	213,843	967,692	(546,000)	5,869,504
Management and general	2,595,386	376,179	-	336,393	(1,065,350)	2,242,608
Development	1,078,369	-	-	31,065	-	1,109,434
Total expenses	<u>6,198,149</u>	<u>3,085,754</u>	<u>213,843</u>	<u>1,335,150</u>	<u>(1,611,350)</u>	<u>9,221,546</u>
Increase (decrease) in unrestricted net assets	<u>2,028,551</u>	<u>82,722</u>	<u>80,461</u>	<u>(269,799)</u>	<u>-</u>	<u>1,921,935</u>
<b>Changes in Temporarily Restricted Net Assets</b>						
Support:						
Capital campaign	-	-	-	-	-	-
Total restricted support and revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets released from restrictions	<u>(132,969)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(132,969)</u>
Decrease in temporarily restricted net assets	<u>(132,969)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(132,969)</u>
<b>Changes in Permanently Restricted Net Assets</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Increase (Decrease) in Net Assets Before Transfer</b>	1,895,582	82,722	80,461	(269,799)	-	1,788,966
<b>Transfers</b>	<u>(2,478,085)</u>	<u>-</u>	<u>-</u>	<u>2,478,085</u>	<u>-</u>	<u>-</u>
<b>Increase (Decrease) in Net Assets After Transfer</b>	<u>(582,503)</u>	<u>82,722</u>	<u>80,461</u>	<u>2,208,286</u>	<u>-</u>	<u>1,788,966</u>
<b>Net Assets (Deficit)</b>						
Beginning of year	<u>17,148,155</u>	<u>175,959</u>	<u>204,403</u>	<u>(2,208,286)</u>	<u>-</u>	<u>15,320,231</u>
End of year	<u>\$ 16,565,652</u>	<u>\$ 258,681</u>	<u>\$ 284,864</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,109,197</u>

**CONSOLIDATED SCHEDULE OF SUPPORT AND REVENUES****Greater New Orleans Educational  
Television Foundation and Subsidiaries**

For the year ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
<b>Support and Revenues</b>				
Support:				
Contributions:				
Membership and general	\$ 935,392			\$ 935,392
Capital campaign	1,141,497			1,141,497
Local business support	72,000			72,000
Major gifts	270,699			270,699
Planned gifts	251,100			251,100
Program and production underwriting	1,146,306			1,146,306
Support from commercial station - transmitter	<u>175,000</u>			<u>175,000</u>
Total contributions	<u>3,991,994</u>			<u>3,991,994</u>
Grants from the Corporation for Public Broadcasting	<u>601,093</u>			<u>601,093</u>
Other grants:				
Grants - foundations and agencies	<u>384,304</u>			<u>384,304</u>
Other support:				
Special events	88,143			88,143
Miscellaneous	<u>4,427</u>			<u>4,427</u>
Total other support	<u>92,570</u>			<u>92,570</u>
In-kind support:				
Rent:				
Transmission equipment	213,029			213,029
Transmitter	95,388			95,388
Land	200,000			200,000
Goods and services	<u>150,935</u>			<u>150,935</u>
Total in-kind support	<u>659,352</u>			<u>659,352</u>
State of Louisiana capital grant	<u>1,380,683</u>			<u>1,380,683</u>
Total support	<u>7,109,996</u>			<u>7,109,996</u>

**Schedule 3  
(Continued)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
<b>Support and Revenues (Continued)</b>				
Total support (carried forward)	7,109,996			7,109,996
Revenues:				
Miscellaneous sales, net	31,222			31,222
Contract and production services:				
Contract services	1,367,682			1,367,682
Production services	1,800,794			1,800,794
Tower rental	54,330			54,330
Total contract and production services	3,222,806			3,222,806
Investment income:				
Interest income, net of custodian fees	396,942			396,942
Net unrealized gain on investments	87,703			87,703
Net realized gain on investments	161,843			161,843
Total investment income	646,488			646,488
Total revenues	3,900,516			3,900,516
Total support and revenues	\$ 11,010,512	\$ -	\$ -	\$ 11,010,512

**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS**

To the Board of Trustees,  
Greater New Orleans Educational Television Foundation,  
New Orleans, Louisiana.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the consolidated financial statements of Greater New Orleans Educational Television Foundation and Subsidiaries as of and for the year ended June 30, 2018, and the related notes to the consolidated financial statements and have issued our report thereon dated November 16, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Foundation and Subsidiaries' internal control over financial reporting ("internal control") to determine audit procedures that are appropriate in the circumstances for the propose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation and Subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation and Subsidiaries' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Foundation and Subsidiaries' consolidated financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be a material weakness or significant deficiency. Given these limitations, during our audit we will not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Greater New Orleans Educational Television Foundation and Subsidiaries' consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants.

New Orleans, Louisiana.  
November 16, 2018.

## SCHEDULE OF FINDINGS AND RESPONSES

### **Greater New Orleans Educational Television Foundation and Subsidiaries**

For the year ended June 30, 2018

#### **Section I - Summary of Auditor's Report**

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_ Yes X No
- Significant deficiency(ies) identified that are not considered to be a material weakness? \_\_\_ Yes X None reported

Noncompliance material to consolidated financial statements noted? \_\_\_ Yes X No

b) Federal Awards

The Greater New Orleans Educational Television Foundation did not expend more than \$750,000 in Federal awards during the year ended June 30, 2018, and therefore, was exempt from the audit requirements under Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

#### **Section II - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements**

##### **Internal Control Over Financial Reporting**

No internal control over financial reporting findings was reported during the audit for the year ended June 30, 2018.

(Continued)

**Section II - Internal Control Over Financial Reporting and Compliance and Other Matters  
Material to the Basic Financial Statements (Continued)**

**Compliance and Other Matters**

There were no findings reported during the audit for the year ended June 30, 2018 related to compliance and other matters.

**Section III - Internal Control and Compliance Material to Federal Awards**

The Greater New Orleans Educational Television Foundation did not expend more than \$750,000 in Federal awards during the year ended June 30, 2018, and therefore, was exempt from the audit requirements under Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

**REPORTS BY MANAGEMENT**

## **SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES**

### **Greater New Orleans Educational Television Foundation and Subsidiaries**

For the year ended June 30, 2018

#### **Section I - Internal Control and Compliance Material to the Financial Statements**

##### **Internal Control**

No material weaknesses were reported during the audit of the consolidated financial statements for the year ended June 30, 2017.

No significant deficiencies were reported during the audit of the consolidated financial statements for the year ended June 30, 2017.

##### **Compliance**

No compliance findings material to the consolidated financial statements were noted during the audit for the year ended June 30, 2017.

#### **Section II - Internal Control and Compliance Material to Federal Awards**

The Greater New Orleans Educational Television Foundation did not expend more than \$750,000 in Federal awards during the year ended June 30, 2017 and therefore, was exempt from the audit requirements under Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

#### **Section III - Management Letter**

A management letter was not issued in connection with the audit for the year ended June 30, 2017.

# **MANAGEMENT'S CORRECTIVE ACTION PLAN**

## **Greater New Orleans Educational Television Foundation and Subsidiaries**

For the year ended June 30, 2018

### **Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements**

#### **Internal Control Over Financial Reporting**

There were no findings noted during the audit for the year ended June 30, 2018 related to internal control over financial reporting material to the basic financial statements.

#### **Compliance and Other Matters**

There were no findings material to the financial statements noted during the audit for the year ended June 30, 2018 related to compliance and other matters.

### **Section II - Internal Control and Compliance Material to Federal Awards**

The Greater New Orleans Educational Television Foundation did not expend more than \$750,000 in Federal awards during the year ended June 30, 2018, and therefore, was exempt from the audit requirements under Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

### **Section III - Management Letter**

A management letter was not issued in connection with the audit for the year ended June 30, 2018.