Consolidated Financial Report

Greater New Orleans Educational Television Foundation and Subsidiaries

June 30, 2017

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Bourgeois Bennett
CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS
A LIMITED LIABILITY COMPANY

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June 30, 2017

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June 30, 2017 and 2016

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, 2017, 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

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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, 2017, 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, 2016, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 17, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 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 4) is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer (Schedule 4), is presented for purposes of additional analysis and is required by Louisiana Revised Statute 24:513(A)(3), 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 October 19, 2017 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.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana.
October 19, 2017.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Greater New Orleans Educational Television Foundation and Subsidiaries

June 30, 2017
(with comparative totals for 2016)

	2017	2016
Assets		
Cash and cash equivalents	$ 579,422	$ 325,391
Restricted cash	597	709,797
Accounts receivable, net	777,992	644,488
Capital campaign pledges receivable, net of allowances	1,214,587	1,672,837
Note receivable	7,720,080	7,485,811
Prepaid expenses and deposits	91,865	87,065
Investments	2,818,230	3,110,141
Property and equipment, net of accumulated depreciation	14,934,754	10,547,755
Total assets	$ 28,137,527	$ 24,583,285
Liabilities		
Accounts payable and accrued expenses	$ 645,169	$ 685,482
Line of credit	1,520,552	-
Notes payable to bank	1,125,083	1,533,932
Deferred revenue	1,526,492	1,433,120
Note payable - Community Development Entity	8,000,000	8,000,000
Total liabilities	12,817,296	11,652,534
Net Assets		
Unrestricted	13,150,403	9,486,520
Temporarily restricted	1,221,944	2,496,347
Permanently restricted	947,884	947,884
Total net assets	15,320,231	12,930,751
Total liabilities and net assets	$ 28,137,527	$ 24,583,285

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF ACTIVITIES

Greater New Orleans Educational Television Foundation and Subsidiaries

For the year ended June 30, 2017
(with comparative totals for 2016)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2017	Totals 2016
Support and Revenues					
Support:					
Contributions	$ 2,845,710	$ 5,500	$ -	$ 2,851,210	$ 2,314,996
Grants from the Corporation for Public Broadcasting	632,347	-	-	632,347	575,075
Other grants	315,696	-	-	315,696	195,798
Other support	123,426	-	-	123,426	345,227
In-kind support	526,653	-	-	526,653	531,286
State of Louisiana capital grant	2,210,025	-	-	2,210,025	419,293
Revenues:					
Miscellaneous sales, net	17,414	-	-	17,414	997
Contract and production services	3,812,514	-	-	3,812,514	3,983,991
Investment income	693,351	-	-	693,351	146,233
Tax credit - motion picture investor	125,570	-	-	125,570	-
Total support and revenues	11,302,706	5,500	-	11,308,206	8,512,896
Net assets released from restrictions:					
Expiration of time and purpose restrictions	1,279,903	(1,279,903)	-	-	-
Total support and revenues	12,582,609	(1,274,403)	-	11,308,206	8,512,896
Expenses					
Program services	6,108,809	-	-	6,108,809	6,172,415
Management and general	1,957,489	-	-	1,957,489	1,944,598
Development	852,428	-	-	852,428	932,760
Total expenses	8,918,726	-	-	8,918,726	9,049,773
Increase (Decrease) in Net Assets	3,663,883	(1,274,403)	-	2,389,480	(536,877)
Net Assets					
Beginning of year	9,486,520	2,496,347	947,884	12,930,751	13,467,628
End of year	$ 13,150,403	$ 1,221,944	$ 947,884	$ 15,320,231	$ 12,930,751

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, 2017
(with comparative totals for 2016)

	Program Services	Supporting Services: Management and General	Supporting Services: Development	Total Expenses: 2017	Total Expenses: 2016
Advertising	$ 9,084	$ -	$ 1,155	$ 10,239	$ 22,279
Board of trustees' expenses	-	11,409	-	11,409	972
Building and grounds maintenance	-	53,032	-	53,032	44,442
Building rental	-	262,542	-	262,542	255,633
Capital campaign expense	-	-	69,011	69,011	69,000
Direct mail solicitation	-	-	58,521	58,521	65,764
Employee travel and other personnel costs	337,613	22,868	8,143	368,624	343,731
Equipment rental and maintenance cost	406,870	75,173	12,975	495,018	550,156
Insurance	-	215,725	-	215,725	268,689
Interest	-	184,526	19,286	203,812	191,871
Membership premiums	-	-	79,449	79,449	86,626
Office supplies	27,712	20,183	4,533	52,428	52,239
Other expenses	67,726	65,006	86,806	219,538	229,423
Postage and shipping	9,275	9,246	43,252	61,773	71,061
Printing	132,863	-	25,682	158,545	155,809
Production costs	70,276	29	1,826	72,131	38,712
Professional services	163,356	164,238	116,639	444,233	450,201
Program rental fees	797,735	-	-	797,735	745,757
Salaries, payroll taxes, contract labor, and employee benefits	2,818,247	737,423	278,967	3,834,637	3,742,260
Taxes	5,338	12,643	-	17,981	11,953
Telephone	23,084	27,796	4,530	55,410	55,254
Tower and transmission equipment rental	303,875	-	-	303,875	299,279
Utilities	171,156	-	-	171,156	130,874
	5,344,210	1,861,839	810,775	8,016,824	7,881,985
Depreciation and amortization	764,599	95,650	41,653	901,902	1,167,788
Total functional expenses	$ 6,108,809	$ 1,957,489	$ 852,428	$ 8,918,726	$ 9,049,773

See notes to consolidated financial statements.

Exhibit D

CONSOLIDATED STATEMENT OF CASH FLOWS

Greater New Orleans Educational Television Foundation and Subsidiaries

For the year ended June 30, 2017
(with comparative totals for 2016)

	2017	2016
Cash Flows From Operating Activities		
Increase (decrease) in net assets	$ 2,389,480	$ (536,877)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	901,902	1,167,788
Realized and unrealized (gain) loss on investments	(293,223)	267,726
(Increase) decrease in operating assets:		
Accounts receivable and unconditional promises to give	(37,035)	10,987
Note receivable - accrued interest	(234,269)	(223,864)
Prepaid expenses and deposits	(4,800)	211,342
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(49,999)	(273,124)
Deferred revenue	93,372	(236,614)
Revenues restricted for the acquisition of property and equipment:		
Capital campaign contributions, net of unamortized discount	(266,699)	(207,395)
State of Louisiana capital grant	(2,210,025)	(419,293)
Net cash provided by (used in) operating activities	288,704	(239,324)

	2017	2016
Cash Flows From Investing Activities		
Purchases of property and equipment	(4,990,876)	(2,675,629)
Proceeds from sales and maturities of investments	947,424	1,453,005
Purchases of investments	(362,290)	(767,929)
Net cash used in investing activities	(4,405,742)	(1,990,553)
Cash Flows From Financing Activities		
Payment on short term trade accounts payable used to finance property and equipment acquisitions	(292,374)	-
New borrowings	-	761,834
Payments on notes payable	(408,849)	(393,297)
Proceeds from line of credit	3,264,819	-
Payments on line of credit	(1,740,232)	-
Collections of capital campaign support	2,838,505	1,114,282
Net cash provided by financing activities	3,661,869	1,482,819
Net Decrease in Cash, Restricted Cash, and Cash Equivalents	(455,169)	(747,058)
Cash and Cash Equivalents		
Beginning of year	1,035,188	1,782,246
End of year	$ 580,019	$ 1,035,188

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Greater New Orleans Educational Television Foundation and Subsidiaries

June 30, 2017 and 2016

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, 2017 and 2016, 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, 2014 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.

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. Restricted Cash

The Foundation and its Subsidiaries have restricted cash balances that consist of contributions collected and restricted for the acquisition of property and equipment.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. 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.

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.

i. 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.

j. 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.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. 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, 2017, and all receivables were deemed to be fully collectible as of June 30, 2016. 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, 2017 and 2016.

l. 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.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. 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 2n) 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 doing business as WVUE.

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, 2017 and 2016.

n. 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, 2017 and 2016 was $1,122,917 and $1,297,917, respectively. Other deferred revenues totaled $403,575 and $135,203 as of June 30, 2017 and 2016, respectively.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. 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.

p. 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.

q. 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.

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 October 19, 2017, 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, 2017, cash deposits in excess of the insured limits were approximately $151,000.

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 $1,221,944 and $2,496,347 as of June 30, 2017 and 2016, 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 and 2016 was $597 and $709,797, respectively.

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 $1,214,587 and $1,672,837 as of June 30, 2017 and 2016, respectively. As of June 30, 2017, the Foundation has raised pledges totaling $4,954,453. The Foundation has discounted the value of future pledges receivables by using an effective interest rate of 5%.

The details of pledges receivable are as follows:

	2017	2016
Pledges receivable at beginning of year	$ 1,901,903	$ 2,690,775
New pledges made during the year	206,295	126,000
Less:		
Cash received	(724,949)	(914,872)
Pledges receivable at end of year	1,383,249	1,901,903
Unamortized discount	(168,662)	(229,066)
Totals	$ 1,214,587	$ 1,672,837

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

	2017	2016
Amounts due in:		
Less than one year	$ 365,249	$ 464,754
One to five years	768,000	1,037,149
Six to ten years	250,000	400,000
	$ 1,383,249	$ 1,901,903

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 and 2016 totaled $7,720,080 and $7,485,811, respectively. 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 31st and September 30th. The unpaid interest of 2.8% on the outstanding principal will continue to accrue through the date of May 31, 2018. Upon its maturity, all outstanding principal and interest on the note will be paid.

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. Interest earned on this note for the year ended June 30, 2016 was approximately $354,000, of which approximately $130,000 was collected and $224,000 was added to the balance of the note receivable. As of June 30, 2016, approximately $1,066,000 of accrued interest is included in the note receivable balance.

Note 8 - INVESTMENTS

Investments are stated at fair market value as of June 30, 2017 and 2016 and consist of the following:

Description	2017 Cost	2017 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

Description	2016 Cost	2016 Market Value
Equity securities	$ 1,943,050	$ 1,948,645
Corporate bonds and U.S. Government Agency obligations	699,008	705,567
Money market funds	455,929	455,929
Total investments	$ 3,097,987	$ 3,110,141

Investment income is presented net of custodian fees, which were approximately $29,000 for the year ended June 30, 2017. 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, net (including interest on note receivable)	$ 400,128
Unrealized gain for the year	268,606
Realized gain, net	24,617
Investment income, net	$ 693,351

Note 8 - INVESTMENTS (Continued)

Investment return for the year ended June 30, 2016 is summarized as follows:

	Cost	Market Value	Excess of Market Value Over Cost
Balances as of June 30, 2016	$ 3,097,987	$ 3,110,141	$ 12,154
Balances as of June 30, 2015	$ 3,712,698	$ 4,062,943	350,245
Decrease in unrealized appreciation			$ (338,091)

Interest and dividend income, net (including interest on note receivable)	$ 413,959
Unrealized loss for the year	(338,091)
Realized gains, net	70,365
Investment income, net	$ 146,233

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, 2017 and 2016, assets measured at fair value on a recurring basis are comprised of and determined as follows:

		2017		
		Based on		
Description	Total Assets Measured at Fair Value	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	$ 2,818,230	$ 2,818,230	$ -	$ -

		2016		
		Based on		
Description	Total Assets Measured at Fair Value	Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Equity securities	$ 1,948,645	$ 1,948,645	$ -	$ -
Corporate bonds and U.S. Government Agency obligations	705,567	705,567	-	-
Money market funds	455,929	455,929	-	-
Totals	$ 3,110,141	$ 3,110,141	$ -	$ -

As of June 30, 2017 and 2016, there were no assets measured at fair value on a non-recurring basis.

Note 10 - PROPERTY AND EQUIPMENT

As of June 30, 2017 and 2016, property and equipment and accumulated depreciation was as follows:

	2017	2016
Remote production equipment	$ 11,693,698	$ 11,653,732
Equipment	3,276,260	3,276,260
Leasehold improvements	7,511,032	7,511,032
Construction in progress	7,899,196	2,659,558
Office equipment	331,172	321,873
Vehicles	70,714	70,714
	30,782,072	25,493,169
Less accumulated depreciation	(15,847,318)	(14,945,414)
Net property and equipment	$ 14,934,754	$ 10,547,755

Depreciation and amortization expense was $901,902 and $1,167,788 for the years ended June 30, 2017 and 2016, 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% (2.98% as of June 30, 2017). The line of credit expires on December 13, 2017. The line of credit is collateralized by a negative pledge agreement. There was a balance of $1,520,552 outstanding as of June 30, 2017. The Foundation incurred interest expense of $19,286 relating to the line of credit for the year ended June 30, 2017.

The Foundation has a $750,000 line of credit with Whitney Bank. Interest is due monthly at LIBOR ICE - one month + 2.50% (3.477% as of June 30, 2017). The line of credit expires on November 16, 2017. There was no balance due as of June 30, 2017. The Foundation incurred no interest expense relating to the line of credit for the year ended June 30, 2017.

Note 12 - NOTES PAYABLE TO BANK

The Foundation is obligated on the following notes payable:

	June 30, 2017	June 30, 2016
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.	$ 8,000,000	$ 8,000,000
Note payable to 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 unit equipment.	58,570	195,359
Note payable to 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 (4.25% and 3.75% as of June 30, 2017 and 2016, respectively) or 3.75% and is secured by trailers and production equipment.	1,066,513	1,338,573
Totals	$ 9,125,083	$ 9,533,932

Note 12 - NOTES PAYABLE TO BANK (Continued)

Future principal payments to be made on these notes are as follows:

Year Ending June 30,	
2018	$ 8,341,473
2019	293,531
2020	304,857
2021	185,222
Total	$ 9,125,083

Interest expense incurred on these notes was approximately $184,000 and $170,000 for the years ended June 30, 2017 and 2016, 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 (CDE 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 will realize 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. The loan matures on May 31, 2018.

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, 2017 and 2016.

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, 2017 and 2016 is as follows:

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

	2016		
	Unrestricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 947,884	$ 947,884

Changes in endowment net assets for the years ending June 30, 2017 and 2016 are as follows:

	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

	2016		
	Unrestricted	Permanently Restricted	Totals
Net assets, beginning of the year	$ -	$ 947,884	$ 947,884
Investment loss	(46,246)	-	(46,246)
Transfers from operations	46,246	-	46,246
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, 2017 and 2016.

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 $90,846 and $86,250 for the years ended June 30, 2017 and 2016, respectively.

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

The fair value of transmission equipment owned by Louisiana Public Broadcasting and leased to the Foundation for no rent was $213,029 for both the years ended June 30, 2017 and 2016.

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, 2017 and 2016.

The Foundation recorded the value of certain in-kind goods and services received of $22,778 and $32,007 for the years ended June 30, 2017 and 2016, respectively.

The fair rental values of the above described properties have been recorded as support and expenses in the years ended June 30, 2017 and 2016 as follows:

	2017	2016
Support		
Transmitter in-kind rent:		
Tower and facility	$ 90,846	$ 86,250
Transmission equipment	213,029	213,029
Studio and office building in-kind rent	200,000	200,000
Other goods and services	22,778	32,007
Total in-kind support	$ 526,653	$ 531,286
Expenditures		
Tower rental	$ 90,846	$ 86,250
Transmission equipment	213,029	213,029
Land rental	200,000	200,000
Donated goods and services	22,778	32,007
Total expenditures	$ 526,653	$ 531,286

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 $56,500 and $64,000 for the years ended June 30, 2017 and 2016, respectively. The agreement was revised and updated effective March 1, 2017 through February 28, 2018 with annual payment totaling $38,550 for the fiscal year.

YESCOM leased a facility to store its trucks under an operating lease through July 2018. This lease was amended on June 28, 2017 and extended to July 31, 2018. The monthly lease payment was $4,000 per month, increasing to $4,500 per month in August 2016. Rent expense was $54,000 and $48,000 for the years ended June 30, 2017 and 2016, respectively.

Future minimum lease payments due on these leases are as follows:

Year Ending June 30,	Amount
2018	$ 54,000
2019	4,500
	$ 58,500

If there is a breach of the loan agreements (Notes 12 and 13) between WYES GO and the Lender, and the Lender is required to recapture all or part of the New Markets Tax Credit that they claimed, the Foundation has agreed to pay to the Lender an amount equal to the sum of the credits recaptured. The maximum aggregate amount due under the clauses in the agreement governing these possible recaptures is approximately $3,120,000. Management believes there are no breaches of these agreements.

The Foundation entered into two contracts related to the construction of a new building (Capital Campaign Phase II) totaling approximately $8,142,000. As of June 30, 2017, the Foundation has incurred construction in progress related to this contract totaling approximately $7,084,000.

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"). For the years ended June 30, 2017 and 2016, the Foundation reported income tax expense from its unrelated business income activities of approximately $11,000 and $7,000, respectively. As of June 30, 2017 and 2016, refundable income tax was approximately $1,000 and $12,000, respectively.

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 $76,000 for the year ended June 30, 2017. For the year ended June 30, 2017, Yescom utilized part of their accumulated net operating loss carry forward and reported a tax expense and a tax liability of approximately $1,200 related to state taxes. For the years ended June 30, 2016, Yescom reported no tax expense as it had net operating losses.

Yescom has accumulated net operating losses which are carried forward to reduce any future taxable income. The net operating loss carryforward of $56,000 will begin expiring if not used by 2033.

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 of the years ended June 30, 2017 and 2016.

Note 20 - RETIREMENT PLAN

The Foundation has a retirement program whereby its employees participate in the TIAA-CREF 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, 2017 and 2016. As of June 30, 2017, 25 employees were participating in the program. Retirement expenses under this plan totaled $91,961 and $99,096 for the years ended June 30, 2017 and 2016, 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, 2017 and 2016 were approximately $204,000 and $192,000, respectively. Cash payments of income taxes during the year ended June 30, 2016 were approximately $19,200. No payments were made during the year ended June 30, 2017.

The non-cash investing and financing transactions of the Foundation for the year ended June 30, 2017 includes property and equipment acquisitions of $298,025 as well as accrued line of credit payments of $4,035 through accounts payable. For the year ended June 30, 2016, property and equipment acquisitions of $292,374 were made 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 $30,000 and $24,000 for the years ended June 30, 2017 and 2016, respectively.

SUPPLEMENTAL INFORMATION

Schedule 1

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

Greater New Orleans Educational Television Foundation and Subsidiaries

June 30, 2017

	Foundation	Yescom	WYES Media Services	WYES GO	Eliminations	Totals
Assets						
Cash and cash equivalents	$ 284,068	$ 53,528	$ 239,775	$ 2,051	$ -	$ 579,422
Restricted cash	597	-	-	-	-	597
Accounts receivable, net	338,460	333,064	106,468	-	-	777,992
Capital campaign pledges receivable, net	1,214,587	-	-	-	-	1,214,587
Note receivable	7,720,080	-	-	-	-	7,720,080
Prepaid expenses and deposits	75,919	8,446	7,500	-	-	91,865
Investments	2,818,230	-	-	-	-	2,818,230
Property and equipment, net of accumulated depreciation	9,266,761	-	-	5,667,993	-	14,934,754
Investment in Yescom (subsidiary)	10,000	-	-	-	(10,000)	-
Due from (due to) subsidiaries, net	-	-	74,116	188,255	(262,371)	-
Total assets	$ 21,728,702	$ 395,038	$ 427,859	$ 5,858,299	$ (272,371)	$ 28,137,527
Liabilities						
Accounts payable and accrued expenses	$ 461,548	$ 87,884	$ 29,152	$ 66,585	$ -	$ 645,169
Line of credit	1,520,552	-	-	-	-	1,520,552
Notes payable to bank	1,125,083	-	-	-	-	1,125,083
Deferred revenue	1,332,188	-	194,304	-	-	1,526,492
Note payable - Community Development Entity	-	-	-	8,000,000	-	8,000,000
Due to/from parent, net	141,176	121,195	-	-	(262,371)	-
Total liabilities	4,580,547	209,079	223,456	8,066,585	(262,371)	12,817,296
Net Assets						
Common stock	-	10,000	-	-	(10,000)	-
Net assets (deficit):						
Unrestricted	14,978,327	175,959	204,403	(2,208,286)	-	13,150,403
Temporarily restricted	1,221,944	-	-	-	-	1,221,944
Permanently restricted	947,884	-	-	-	-	947,884
Total net assets (deficit) and common stock	17,148,155	185,959	204,403	(2,208,286)	(10,000)	15,320,231
Total liabilities, net assets (deficit) and common stock	$ 21,728,702	$ 395,038	$ 427,859	$ 5,858,299	$ (272,371)	$ 28,137,527

Schedule 2

CONSOLIDATING STATEMENT OF ACTIVITIES

Greater New Orleans Educational Television Foundation and Subsidiaries

For the year ended June 30, 2017

	Foundation	Yescom	WYES Media Services	WYES GO	Eliminations	Totals
Changes in Unrestricted Net Assets						
Support and revenues:						
Support:						
Contributions	$ 2,845,710	$ -	$ -	$ -	$ -	$ 2,845,710
Grants from the Corporation for Public Broadcasting	632,347	-	-	-	-	632,347
Other grants	80,000	-	235,696	-	-	315,696
Other support	123,426	-	-	-	-	123,426
In-kind support	526,653	-	-	-	-	526,653
State of Lousiana capital grant	2,210,025					2,210,025
Revenues:						
Miscellaneous sales	17,414	-	-	-	-	17,414
Contract and production services	995,771	3,760,243	-	-	(943,500)	3,812,514
Investment income	693,342	-	-	9	-	693,351
Tax credit - motion picture investor	-	-	125,570	-	-	125,570
Management fees	-	-	-	1,141,310	(1,141,310)	-
Total unrestricted support and revenues	8,124,688	3,760,243	361,266	1,141,319	(2,084,810)	11,302,706
Net assets released from restrictions	1,279,903	-	-	-	-	1,279,903
Total unrestricted support and revenues	9,404,591	3,760,243	361,266	1,141,319	(2,084,810)	12,582,609

Schedule 2
(Continued)

	Foundation	Yescom	WYES Media Services	WYES GO	Eliminations	Totals
Changes in Unrestricted Net Assets (Continued)						
Expenses:						
Program services	2,175,083	3,347,370	262,618	1,267,238	(943,500)	6,108,809
Management and general	2,474,849	337,618	-	286,332	(1,141,310)	1,957,489
Development	811,900	-	-	40,528	-	852,428
Total expenses	5,461,832	3,684,988	262,618	1,594,098	(2,084,810)	8,918,726
Increase (decrease) in unrestricted net assets	3,942,759	75,255	98,648	(452,779)	-	3,663,883
Changes in Temporarily Restricted Net Assets						
Support:						
Capital campaign	5,500	-	-	-	-	5,500
Total restricted support and revenues	5,500	-	-	-	-	5,500
Net assets released from restrictions	(1,279,903)	-	-	-	-	(1,279,903)
Decrease in temporarily restricted net assets	(1,274,403)	-	-	-	-	(1,274,403)
Changes in Permanently Restricted Net Assets	-	-	-	-	-	-
Increase (Decrease) in Net Assets	2,668,356	75,255	98,648	(452,779)	-	2,389,480
Net Assets (Deficit)						
Beginning of year	14,479,799	100,704	105,755	(1,755,507)	-	12,930,751
End of year	$ 17,148,155	$ 175,959	$ 204,403	$ (2,208,286)	$ -	$ 15,320,231

Schedule 3

CONSOLIDATED SCHEDULE OF SUPPORT AND REVENUES

Greater New Orleans Educational Television Foundation and Subsidiaries

For the year ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Support and Revenues				
Support:				
Contributions:				
Membership and general	$ 985,571			$ 985,571
Capital campaign	261,199	$ 5,500		266,699
Local business support	72,000			72,000
Major gifts	265,049			265,049
Planned gifts	253,397			253,397
Program and production underwriting	833,494			833,494
Support from commercial station - transmitter	175,000			175,000
Total contributions	2,845,710	5,500		2,851,210
Grants from the Corporation for Public Broadcasting	632,347			632,347
Other grants:				
Grants - foundations and agencies	315,696			315,696
Other support:				
Special events	97,783			97,783
Tax credit motion picture investor	125,570			125,570
Miscellaneous	25,643			25,643
Total other support	248,996			248,996
In-kind support:				
Rent:				
Transmission equipment	213,029			213,029
Transmitter	90,846			90,846
Land	200,000			200,000
Goods and services	22,778			22,778
Total in-kind support	526,653			526,653
State of Louisiana capital grant	2,210,025			2,210,025
Total support	6,779,427	5,500	-	6,784,927

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Support and Revenues (Continued)				
Total support (carried forward)	6,779,427	5,500	-	6,784,927
Revenues:				
Miscellaneous sales, net	17,414			17,414
Contract and production services:				
Contract services	1,408,256			1,408,256
Production services	2,351,987			2,351,987
Tower rental	52,271			52,271
Total contract and production services	3,812,514			3,812,514
Investment income:				
Interest income, net of custodian fees	400,128			400,128
Net unrealized loss on investments	268,606			268,606
Net realized gain on investments	24,617			24,617
Total investment income	693,351	-		693,351
Total revenues	4,523,279	-	-	4,523,279
Total support and revenues	$ 11,302,706	$ 5,500	$ -	$ 11,308,206

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 June 30, 2017, and the related notes to the consolidated financial statements and have issued our report thereon dated October 19, 2017.

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.

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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.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana.
October 19, 2017.

SCHEDULE OF FINDINGS AND RESPONSES

Greater New Orleans Educational Television Foundation and Subsidiaries

For the year ended June 30, 2017

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, 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 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, 2017.

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, 2017 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, 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).

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Greater New Orleans Educational Television Foundation and Subsidiaries

For the year ended June 30, 2017

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, 2016.

No significant deficiencies were reported during the audit of the consolidated financial statements for the year ended June 30, 2016.

Compliance

No compliance findings material to the consolidated financial statements were noted during the audit for the year ended June 30, 2016.

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, 2016 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, 2016.

<u>MANAGEMENT'S CORRECTIVE ACTION PLAN</u>

Greater New Orleans Educational Television Foundation and Subsidiaries

For the year ended June 30, 2017

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, 2017 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, 2017 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, 2017, and therefore, was exempt from the audit requirements under Title 2 U.S. Code of Federal Regulations Part 200, <u>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</u> (Uniform Guidance).

Section III - Management Letter

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

STATEWIDE AGREED UPON PROCEDURES (R.S.24:513)

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the management of Greater New Orleans Educational Television Foundation (the "Foundation") and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs), for the year ended June 30, 2017 ("Fiscal Period"). Management of the Foundation is responsible for those C/C areas identified in the SAUPs. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. **Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:**

   We obtained the written policies and verified that the written policies address the areas as follows:

   a) **Budgeting, including preparing, adopting, monitoring, and amending the budget.**

      No exceptions were noted.

<u>**Written Policies and Procedures**</u> **(Continued)**

b) Purchasing, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the public bid law, and (5) documentation required to be maintained for all bids and price quotes.

We obtained the purchasing policy from the Foundation for the fiscal period. We verified that the written policy addresses (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the public bid law, and (5) documentation required to be maintained for all bids and price quotes.

No exceptions were noted.

c) Disbursements, including processing, reviewing, and approving.

We obtained the disbursements written policy from the Foundation for the fiscal period. We verified that the written policy addresses processing, reviewing, and approving of disbursements.

No exceptions were noted.

d) Receipts, including receiving, recording, and preparing deposits.

We obtained the receipts written policy from the Foundation for the fiscal period. We verified that the written policy addresses receiving, recording, and preparing deposits.

No exceptions were noted.

e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

We obtained the payroll/personnel written policy from the Foundation for the fiscal period. We verified that the written policy addresses (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

No exceptions were noted.

<u>Written Policies and Procedures</u> (Continued)

f) **Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.**

We obtained the contracting written policy from the Foundation for the fiscal period. We verified that the written policy addresses (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

No exceptions were noted.

g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.**

We obtained the credit cards written policy from the Foundation for the fiscal period. We noted that the Foundation only uses credit cards, and does not use debit cards, fuel cards, or P-Cards. We verified that the written policy addresses (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage. The only expenditures that are applicable for this report are construction costs, and credit cards were not utilized.

No exceptions were noted.

h) **Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.**

We obtained the travel and expense reimbursement written policy from the Foundation for the fiscal period. We verified that the written policy addresses (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers. The only expenditures that are applicable for this report are construction costs, and credit cards were not utilized.

No exceptions were noted.

i) **Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofit organizations.**

Not applicable as the Foundation is a nonprofit organization.

<u>Written Policies and Procedures</u> (Continued)

j) **Debt Service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.**

   Not applicable as the Foundation is a nonprofit organization.

<u>Board (or Finance Committee, if applicable)</u>

2. **Obtain and review the board/committee minutes for the fiscal period, and:**

   a) **Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.**

      We obtained and reviewed the Board of Trustees and the Joint Executive and Finance Committee meeting minutes for the fiscal period. We noted that the bylaws call for a minimum of one meeting of the Board each calendar quarter. We also noted that a minimum of 40% of the trustees must be present, or a majority of committee members for a committee meeting, in order to constitute a quorum, per the bylaws.

      We verified that the Board was in compliance with the bylaws and that a full Board of Trustees meeting was held quarterly. Executive Committee meetings were held monthly.

   b) **Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).**

      - **If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.**

        We reviewed the minutes referenced in Step 2a and determined that management was deficit spending during the fiscal period, which was principally due to spending funds in the fiscal period that had been donated or granted in a previous fiscal year and carried as temporarily restricted net assets. However, we verified that there is a written plan to eliminate the deficit spending for those entities with a fund balance deficit. We verified that the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

        No exceptions were noted.

<u>Board (or Finance Committee, if applicable)</u> (Continued)

c) **Report whether the minutes referenced or included non-budgetary financial information (e.g., approval of contracts and disbursements) for at least one meeting during the fiscal period.**

For the minutes referenced in Step 2a, we verified that at least one meeting during the fiscal period included non-budgetary financial information.

No exceptions were noted.

<u>Bank Reconciliations</u>

3. **Obtain a listing of client bank accounts from management and management's representation that the listing is complete.**

We obtained a listing of client bank accounts from Foundation management for the fiscal period. We also obtained management's representation that the listing is complete.

We noted that disbursements were made and collections received out of a single, dedicated bank account with respect to State of Louisiana funds. Therefore, we obtained listings for this single account.

No exceptions were noted.

4. **Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:**

a) **Bank reconciliations have been prepared;**

We obtained bank statements and reconciliation for all months in the fiscal period for the bank account referenced in Step 3. We verified that bank reconciliation were prepared.

No exceptions were noted.

b) **Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and**

<u>Bank Reconciliations</u> (Continued)

For the bank reconciliation referenced in Step 4a, we verified that there is evidence that a member of management reviewed the bank reconciliation.

No exceptions were noted.

c) **If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than six months as of the end of the fiscal period.**

Procedure is not applicable. There were no reconciling items that have been outstanding for more than six months as of the end of the fiscal period.

<u>Collections</u>

5. **Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.**

We obtained a listing of cash collection locations from Foundation management for the fiscal period related to the State Funds received. We also obtained management's representation that the listing is complete. We only tested the one account described in Step 3.

No exceptions were noted.

6. **Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. For each cash collection location selected:**

a) **Obtain existing written documentation (e.g., insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.**

We obtained an insurance policy and written policies and procedures, and verified that each person responsible for collecting cash is (1) bonded, and (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account.

No exceptions were noted.

<u>Collections</u> (Continued)

b) Obtain existing written documentation (e.g., sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

We obtained written policies and procedures and verified that the entity has a formal process to reconcile cash collections to the general ledger by revenue source and agency fund additions by a person who is not responsible for cash collections in the collection location selected at Step 6a.

No exceptions were noted.

c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- **Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.**

  We obtained bank statements for the account referenced in Step 3. We verified that deposits tested were made within one day of collection.

  No exceptions were noted.

- **Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.**

  We obtained documentation and verified that daily cash collections are completely supported for the state funds.

  No exceptions were noted.

Collections (Continued)

7. **Obtain existing written documentation (e.g., policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.**

   We obtained existing written policies and procedures and verified that the completeness of all collections is ensured by the utilization of a lockbox and by review from Foundation management personnel not responsible for collections.

   No exceptions were noted.

Disbursements - General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. **Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.**

   We obtained a listing of entity disbursements from the bank account referenced in Step 3 from management for the fiscal period. We also obtained management's representation that the listing is complete.

   No exceptions were noted.

9. **Using the disbursement population from Step 8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g., purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:**

   a) **Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.**

      We obtained the listing referenced in Step 8 and reviewed the entire population of disbursements related to state funds. We then obtained supporting documentation for each transaction verifying that the Foundation had an electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

No exceptions noted.

b) **Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.**

We verified that purchases made via the system referenced in Step 9a were approved by a person who did not initiate the purchase.

No exceptions were noted.

c) **Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.**

We verified that payment for purchases made via the system referenced in Step 9a were not processed without (1) an electronic equivalent of an approved requisition and/or purchase order, (2) a receiving report showing receipt of goods purchased or electronic equivalent, and (3) an approved invoice.

No exceptions were noted.

10. **Using entity documentation (e.g., electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.**

We obtained existing written policies and procedures and verified that the person responsible for processing payments is prohibited from adding vendors to the Foundation's purchasing/disbursement system.

No exceptions were noted.

11. **Using entity documentation (e.g., electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.**

We obtained existing written policies and procedures and verified that the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

No exceptions were noted.

<u>Disbursements - General (excluding credit card/debit card/fuel card/P-Card purchases or payments)</u> (Continued)

12. **Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.**

    Through inquiry of management and observation, we determined that a limited supply of unused checks are maintained in a locked location in the accounting department at the Foundation's office, with access restricted to those persons that do not have signatory authority.

    We also determined that a supply of electronically printed blank check stock is maintained off-site by a contracted firm that assists with accounting services. Through review of written policies and procedures, we verified that the persons with signatory authority lack system access to print checks.

    No exceptions were noted.

13. **If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.**

    Through inquiry of Foundation management, we determined that neither a signature stamp nor a signature machine is used by the Foundation.

    Through inquiry of signers, we verified that signed checks are maintained under the control of the signer or authorized user until mailed.

    No exceptions were noted.

<u>Credit Cards/Debit Cards/Fuel Cards/P-Cards</u>

14. **Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers, and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.**

    Not applicable, as the bank account referenced in Step 3 is not associated with credit cards, debit cards, fuel cards, or P-cards.

<u>Credit Cards/Debit Cards/Fuel Cards/P-Cards</u> (Continued)

15. **Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.**

    Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

    a) **Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.**

       Not applicable, as the bank account referenced in Step 3 is not associated with credit cards, debit cards, fuel cards, or P-cards.

    b) **Report whether finance charges and/or late fees were assessed on the selected statements.**

       Not applicable, as the bank account referenced in Step 3 is not associated with credit cards, debit cards, fuel cards, or P-cards.

16. **Using the monthly statements or combined statements selected under Step 15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).**

    a) **For each transaction, report whether the transaction is supported by:**

       - **An original itemized receipt (i.e., identifies precisely what was purchased)**

         Not applicable, as the bank account referenced in Step 3 is not associated with credit cards, debit cards, fuel cards, or P-cards.

       - **Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.**

         Not applicable, as the bank account referenced in Step 3 is not associated with credit cards, debit cards, fuel cards, or P-cards.

<u>Credit Cards/Debit Cards/Fuel Cards/P-Cards</u> (Continued)

- **Other documentation that may be required by written policy (e.g., purchase order, written authorization.)**

  Not applicable, as the bank account referenced in Step 3 is not associated with credit cards, debit cards, fuel cards, or P-cards.

b) **For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.**

Not applicable, as the bank account referenced in Step 3 is not associated with credit cards, debit cards, fuel cards, or P-cards.

c) **For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.**

Not applicable, as the bank account referenced in Step 3 is not associated with credit cards, debit cards, fuel cards, or P-cards.

<u>Travel and Expense Reimbursement</u>

17. **Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.**

Not applicable, as the bank account referenced in Step 3 is not utilized for travel or expense reimbursement.

18. **Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.**

Not applicable, as the bank account referenced in Step 3 is not utilized for travel or expense reimbursement.

<u>Travel and Expense Reimbursement</u> (Continued)

19. **Using the listing or general ledger from Step 17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:**

    a) **Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (Step 18 above) and report each reimbursement that exceeded those rates.**

       Not applicable, as the bank account referenced in Step 3 is not utilized for travel or expense reimbursement.

    b) **Report whether each expense is supported by:**

       - **An original itemized receipt that identifies precisely what was purchased.**

         Not applicable, as the bank account referenced in Step 3 is not utilized for travel or expense reimbursement.

       - **Documentation of the business/public purpose. (Note: for meal charges, there should also be documentation of the individuals participating.)**

         Not applicable, as the bank account referenced in Step 3 is not utilized for travel or expense reimbursement.

       - **Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)**

         Not applicable, as the bank account referenced in Step 3 is not utilized for travel or expense reimbursement.

    c) **Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.**

Not applicable, as the bank account referenced in Step 3 is not utilized for travel or expense reimbursement.

d) **Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.**

Not applicable, as the bank account referenced in Step 3 is not utilized for travel or expense reimbursement.

Contracts

20. **Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.**

We obtained a listing of all contracts in effect during the fiscal period with respect the bank account referenced in Step 3. We also obtained management's representation that the listing is complete.

No exceptions were noted.

21. **Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:**

a) **Report whether there is a formal/written contract that supports the services arrangement and the amount paid.**

We obtained the contract associated with the bank account referenced in Step 3. We verified that the contract supports the construction services and the amounts paid.

No exceptions were noted.

b) **Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:**

- **If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)**

<u>Contracts</u> (Continued)

We determined that the contract referenced in Step 21a is subject to the Louisiana Public Bid Law. We obtained supporting contract documentation verifying compliance with all legal requirements.

No exceptions were noted.

- **If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.**

  Not applicable, as contract referenced in Step 21a was determined to be subject to the Louisiana Public Bid Law.

c) **Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.**

We determined that the contract referenced in Step 21a was amended via three change orders.

Change Order #1 modified the scope of the service to be performed. The modification resulted in a net increase of $38,023. The original contract provided for such a change order.

Change Order #2 modified the scope of the service to be performed. The modification resulted in a net increase of $17,197. The original contract provided for such a change order.

Change Order #3 modified the scope of the service to be performed. The modification resulted in a net increase of $89,349. The original contract provided for such a change order.

No exceptions were noted.

d) **Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.**

We obtained supporting invoices, compared the invoices to the contract terms, and verified that the invoices and related payments complied with the terms and conditions of the contract.

No exceptions were noted.

<u>Contracts</u> (Continued)

e) **Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g., Lawrason Act or Home Rule Charter).**

   Not applicable, as no policy or law requires board approval.

<u>Payroll and Personnel</u>

22. **Obtain a listing of employees with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees obtain their personnel files, and:**

    a) **Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.**

       Not applicable, as the bank account referenced in Step 3 is not associated with payroll or personnel. All labor associated with the account is contracted.

    b) **Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.**

       Not applicable, as the bank account referenced in Step 3 is not associated with payroll or personnel. All labor associated with the account is contracted.

23. **Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees (or randomly select one-third of employees if the entity had less than 25 employees during the fiscal period), and:**

    a) **Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)**

       Not applicable, as the bank account referenced in Step 3 is not associated with payroll or personnel. All labor associated with the account is contracted.

    b) **Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees.**

<u>Payroll and Personnel</u> (Continued)

Not applicable, as the bank account referenced in Step 3 is not associated with payroll or personnel. All labor associated with the account is contracted.

c) **Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees that earn leave.**

Not applicable, as the bank account referenced in Step 3 is not associated with payroll or personnel. All labor associated with the account is contracted.

24. **Obtain from management a list of those employees that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.**

    Not applicable, as the bank account referenced in Step 3 is not associated with payroll or personnel. All labor associated with the account is contracted.

25. **Obtain supporting documentation (e.g., cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.**

    Not applicable, as the bank account referenced in Step 3 is not associated with payroll or personnel. All labor associated with the account is contracted.

<u>Other</u>

26. **Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.**

    Through inquiry of Foundation management, we verified that the entity did not have any misappropriations of public funds or assets.

    No exceptions were noted.

Other (Continued)

27. **Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.lla.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.**

    We observed that the Foundation has posted on its premises and website the notice required by R.S. 24:523.1.

    No exceptions were noted.

28. **If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.**

    We did not observe any exceptions regarding management's representations in the procedures above.

    No exceptions were noted.

This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. We are not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statue 24:513, this report is distributed by the Louisiana Legislative Auditors as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
October 19, 2017.