Consolidated Financial Report

Greater New Orleans Educational Television Foundation and Subsidiaries

June 30, 2019

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Bourgeois Bennett
CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS
A LIMITED LIABILITY COMPANY

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June 30, 2019

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June 30, 2019 and 2018

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, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audit contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's

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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, 2019, 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, 2018, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 16, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 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 November 6, 2019 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.
November 6, 2019.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Greater New Orleans Educational Television Foundation and Subsidiaries

June 30, 2019
(with comparative totals for 2018)

	2019	2018
Assets		
Cash and cash equivalents	$ 702,463	$ 609,790
Accounts receivable, net	193,545	333,798
Capital campaign pledges receivable, net	808,044	1,102,528
Prepaid expenses	116,597	139,707
Investments	2,122,764	2,540,861
Property and equipment, net of accumulated depreciation	15,413,053	15,865,643
Total assets	$ 19,356,466	$ 20,592,327
Liabilities		
Accounts payable and accrued expenses	$ 328,775	$ 385,080
Line of credit	750,000	879,911
Notes payable to bank	1,231,254	783,928
Obligation under capital lease	42,938	-
Deferred revenue	1,295,111	1,434,211
Total liabilities	3,648,078	3,483,130
Net Assets		
Without donor restrictions	13,928,019	15,072,338
With donor restrictions	1,780,369	2,036,859
Total net assets	15,708,388	17,109,197
Total liabilities and net assets	$ 19,356,466	$ 20,592,327

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF ACTIVITIES

Greater New Orleans Educational Television Foundation and Subsidiaries

For the year ended June 30, 2019
(with comparative totals for 2018)

	Without Donor Restrictions	With Donor Restrictions	Totals 2019	Totals 2018
Support and Revenues				
Support:				
Contributions	$ 2,315,947	$ -	$ 2,315,947	$ 3,991,994
Grants from the Corporation for Public Broadcasting	654,301	-	654,301	601,093
Other grants	544,220	-	544,220	384,304
Other support	167,266	-	167,266	92,570
In-kind support	539,220	-	539,220	659,352
State of Louisiana capital grant	-	-	-	1,380,683
Revenues:				
Miscellaneous sales, net	32,858	-	32,858	31,222
Contract and production services	3,479,602	-	3,479,602	3,222,806
Investment income	73,368	-	73,368	646,488
Total support and revenues	7,806,782	-	7,806,782	11,010,512
Net assets released from restrictions:				
Expiration of time and purpose restrictions	256,490	(256,490)	-	-
Total support and revenues	8,063,272	(256,490)	7,806,782	11,010,512
Expenses				
Program services	6,352,915	-	6,352,915	5,869,504
Management and general	1,891,728	-	1,891,728	2,242,608
Development	962,948	-	962,948	1,109,434
Total expenses	9,207,591	-	9,207,591	9,221,546
Increase (Decrease) in Net Assets	(1,144,319)	(256,490)	(1,400,809)	1,788,966
Net Assets				
Beginning of year	15,072,338	2,036,859	17,109,197	15,320,231
End of year	$13,928,019	$1,780,369	$15,708,388	$17,109,197

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, 2019
(with comparative totals for 2018)

	Program Services		Supporting Services		Total Expenses	
	Broadcasting	Engineering	Management And General	Development	2019	2018
Advertising	$ 13,530	$ 7,369	$ -	$ 2,215	$ 23,114	$ 19,689
Board of trustees' expenses	-	-	1,253	-	1,253	1,491
Building and grounds maintenance	-	-	70,059	-	70,059	62,650
Building rental	-	-	264,698	-	264,698	262,764
Capital campaign expense	-	-	-	-	-	71,221
Direct mail solicitation	-	-	-	53,540	53,540	60,046
Employee travel and other personnel costs	10,547	263,206	13,794	5,246	292,793	282,997
Equipment rental and maintenance cost	41,689	304,262	83,936	15,591	445,478	363,236
Income tax	-	-	-	-	-	10,934
Insurance	-	1,000	281,638	-	282,638	313,249
Interest	-	-	88,487	-	88,487	207,658
Membership premiums	15	-	-	44,545	44,560	70,623
Office supplies	6,315	8,625	7,712	3,605	26,257	104,314
Other expenses	37,179	48,294	51,177	117,512	254,162	271,530
Postage and shipping	4,087	6,151	9,193	45,290	64,721	69,085
Printing	131,739	-	-	26,407	158,146	163,511
Production costs	39,571	21,129	115	25,173	85,988	47,626
Professional services	21,184	320,294	131,663	182,267	655,408	537,549
Program rental fees	838,697	1,210	-	-	839,907	768,622
Salaries, payroll taxes, contract labor, and employee benefits	909,543	2,120,833	750,463	381,439	4,162,278	3,976,970
Taxes - miscellaneous	-	4,605	5,740	-	10,345	5,672
Telephone	6,487	18,842	30,571	5,769	61,669	61,735
Tower and transmission equipment rental	-	313,187	-	-	313,187	308,417
Utilities	-	171,575	-	-	171,575	197,326
	2,060,583	3,610,582	1,790,499	908,599	8,370,263	8,238,915
Depreciation and amortization	-	681,750	101,229	54,349	837,328	982,631
Total functional expenses	$ 2,060,583	$ 4,292,332	$ 1,891,728	$ 962,948	$ 9,207,591	$ 9,221,546

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Greater New Orleans Educational Television Foundation and Subsidiaries

For the year ended June 30, 2019
(with comparative totals for 2018)

	2019	2018
Cash Flows From Operating Activities		
Increase (decrease) in net assets	$ (1,400,809)	$ 1,788,966
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	837,328	982,631
Donation of property and equipment	-	(105,353)
Realized and unrealized gain on investments, net	(24,606)	(249,546)
Interest accrued - note receivable	-	(199,920)
(Increase) decrease in operating assets:		
Accounts receivable and unconditional promises to give	140,253	444,194
Prepaid expenses	23,110	(47,842)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(56,305)	37,936
Deferred revenue	(139,100)	(92,281)
Revenues restricted for the acquisition of property and equipment:		
Capital campaign contributions, net of unamortized discount	(103,906)	(1,141,497)
State of Louisiana capital grant	-	(1,380,683)
Net cash provided by (used in) operating activities	(724,035)	36,605

	2019	2018
Cash Flows From Investing Activities		
Purchases of property and equipment	(309,289)	(1,808,167)
Proceeds from sales and maturities of investments	2,225,060	868,425
Purchases of investments	(1,782,421)	(341,510)
Collection of note receivable	-	7,920,000
Net cash provided by investing activities	133,350	6,638,748
Cash Flows From Financing Activities		
Collections of capital campaign support	398,390	2,634,239
Payments on notes payable	(293,519)	(341,155)
Proceeds from line of credit	1,309,765	-
Payments on line of credit	(698,831)	(640,641)
Payments on capital lease obligation	(32,447)	-
Payment of note payable - Community Development Entity	-	(8,000,000)
Payment of short term trade accounts payable used to finance property and equipment acquisitions	-	(298,025)
Net cash provided by (used in) financing activities	683,358	(6,645,582)
Net Increase in Cash and Cash Equivalents	92,673	29,771
Cash and Cash Equivalents		
Beginning of year	609,790	580,019
End of year	$ 702,463	$ 609,790

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Greater New Orleans Educational Television Foundation and Subsidiaries

June 30, 2019 and 2018

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, 2019 and 2018, 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, 2016 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").

Yescom and WYES Media Services 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.

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:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions- Net assets subject to donor-imposed stipulations that will be met either by action of the Foundation and/or the passage of time, or net assets subject to donor-imposed stipulations that are maintained in perpetuity by the Foundation.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Consolidation

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

f. Cash and Cash Equivalents

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

g. Investments

Investments in marketable securities, including mutual funds (equity funds and bond funds) and other investments are carried at fair market value in the Consolidated 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 net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law. Interest earned on donor restricted investments is reported based on the existence or absence of donor-imposed restrictions. Realized gains and losses on the sales of securities are determined using the specific-identification method. A decline in the fair value of investments below cost that is deemed to be other than temporary, results in a charge to the change in net assets, and the establishment of a new cost basis for the investment.

h. Promises to Give

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

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Contributions and Revenue Recognition

The Foundation reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statement of Activities as net assets released from restrictions.

j. Allowance for Uncollectible Accounts

The Foundation and its Subsidiaries provide for estimated uncollectible accounts receivable on a specific account basis as determined by management. Accounts receivable are comprised principally of balances due from third parties for remote production services. Management has recorded an allowance of $38,731 and $13,000 for accounts it deems unlikely to collect as of June 30, 2019 and 2018 respectively. 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, 2019 and 2018.

k. Property and Equipment

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

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Property and Equipment (Continued)

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

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

l. In-kind Support

On June 8, 1970, the Foundation exchanged operating frequencies with WVUE, a station owned and operated at that time by Screen Gems Broadcasting of Louisiana, Inc. Emmis Televisions Broadcasting, L.P. acquired the transmitter facilities and assumed the rights and obligations of the original exchange agreement. The exchange agreement required certain items of compensation to be paid to the Foundation. On November 30, 2003, the existing agreement was terminated by a new agreement under which the Foundation was paid a buyout payment of $3,500,000 (see Note 2m) and a new antenna and transmission line, owned by the Foundation, was constructed. The Foundation will continue to receive the substantially free lease on the transmittal facilities, which is $1 per year for 20 years through November 30, 2023 (see Note 14). The Foundation's policy is to record the current rental value as revenue and recognize a corresponding amount as an expense of fulfilling its exempt purposes. The current rental value is the amount that would be charged to a commercial customer as documented by Emmis Television Broadcasting, L.P. doing business as WVUE.

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

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. In-kind Support (Continued)

estimate of the annual in-kind contributions and rental expense is $213,029 for both the years ended June 30, 2019 and 2018.

m. Deferred Revenue

The Foundation received $3,500,000 under an agreement with Emmis Televisions Broadcasting, L.P. for the exchange of operating frequencies with WVUE which covers a 20 year period ending in 2023 (see Note 21). 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, 2019 and 2018 was $772,917 and $947,917, respectively. Other deferred revenues totaled $522,194 and $486,294 as of June 30, 2019 and 2018, respectively.

n. Program Rental Fees

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

o. Unemployment Benefits

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

p. Methods Used for Allocation of Expenses

Most of the expenses can be directly allocated to one of the programs or supporting functions. The financial statements also report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The only expense that is allocated is depreciation which is allocated based on the percentage of expenses in each category compared to total expenses.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q. Recently Issued Accounting Standards

Presentation of Financial Statements for Not-for-Profit Entities

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, "*Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*", which changes the current guidance for assets classification, governing board designations, investment return, underwater endowment funds, expenses, liquidity and presentation of operating cash flows. ASU 2016-14 reduces the required number of classes of net assets from three to two: net assets with donor restrictions and net assets without donor restrictions. ASU 2016-14 also requires not-for-profit entities to provide enhanced disclosures about the amounts and purposes of governing board designations and appropriations. ASU 2016-14 requires not-for-profits to report investment return net of external and direct internal investment expenses. The requirement to disclose those netted expenses is eliminated. In the absence of explicit donor restrictions, ASU 2016-14 requires not-for-profit entities to use the placed-in-service approach to account for capital gifts. The current option to use the over-time approach has been eliminated. ASU 2016-14 requires expenses to be reported by nature in addition to function and include an analysis of expenses by both nature and function. The methods used by not-for-profit entities to allocate costs among program and support functions will also need to be disclosed. ASU 2016-14 requires not-for-profit entities to provide both qualitative and quantitative information on management of liquid available resources and the ability to cover short-term cash needs within one year of the balance sheet date. Finally, current standards allow not-for-profit entities to decide whether to present operating cash flows using either the direct method or the indirect method. ASU 2016-14 eliminates the requirement to present or disclose the indirect method of reconciliation if the entity decides to use the direct method. The ASU is effective for annual reporting periods beginning after December 15, 2017. The Foundation has adopted the provisions of ASU 2016-14 and has retrospectively applied this standard to the financial statements as of and for the year ended June 30, 2018.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q. Recently Issued Accounting Standards (Continued)

Statement of Cash Flows

In November 2016, the FASB issued ASU 2016-18, "*Statement of Cash Flows*" *(Topic 230)*. ASU 2016-18 requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in ASU 2016-18 do not provide a definition of restricted cash or restricted cash equivalents. The ASU is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted. The Foundation is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

Leases

In February 2016, the FASB issued ASU 2016-02, *"Leases" (Topic 842)*. ASU 2016-02 requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the statement of financial position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the statement of activities and the statement of cash flows will be substantially unchanged from the existing lease accounting guidance. The ASU is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. The Foundation is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q. Recently Issued Accounting Standards (Continued)

Revenue from Contracts with Customers

In May 2014, the FASB issued ASU 2014-09, "*Revenue from Contracts with Customers" (Topic 606)*, which provides a single comprehensive model for entities to use in accounting for revenue from contracts with customers and supersedes most current revenue recognition models. Subsequent to the issuance of ASU 2014-09, FASB issued several additional ASUs which amended and clarified the guidance and deferred the effective date. The new revenue standard is now effective for annual reporting periods beginning after December 15, 2018, with certain early adoption provisions available. The Foundation is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

r. Subsequent Events

Management evaluates events occurring subsequent to the date of the consolidated financial statements in determining the accounting for and disclosure of transactions and events that effect the consolidated financial statements. Subsequent events have been evaluated through November 6, 2019, 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, 2019, cash deposits in excess of the insured limits were approximately $335,000.

Note 4 - NET ASSETS WITH DONOR RESTRICTIONS

Contributions are restricted by donors for specific purposes or designated for subsequent periods. Cash and investments raised through the capital campaign 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. Endowment funds are held in perpetuity.

Net assets with donor restrictions as of June 30, 2019 and 2018 are restricted for the following purposes:

	2019	2018
Endowment	$ 947,884	$ 947,884
Capital campaign - property and equipment acquisition	832,485	1,088,975
Total net assets with donor restrictions	$1,780,369	$2,036,859

Note 5 - AVAILABILITY OF FINANCIAL ASSETS

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Foundation receives grants and contributions with donor restrictions. In addition, the Foundation generates revenue and receives support without donor restrictions. To help manage unanticipated liquidity needs, the Foundation has a line of credit in the amount of $1,000,000.

Contributions without donor restrictions, broadcasting revenue, fundraising events, facility rentals, and miscellaneous income are considered to be available to meet cash needs for general expenditures. General expenditures include program services, general and administrative, and fundraising expenses. Annual operations are defined as activities occurring during, and included in the budget for, the upcoming fiscal year.

Note 5 - AVAILABILITY OF FINANCIAL ASSETS (Continued)

The following table represents financial assets available for general expenditures within one year as of June 30, 2019:

Financial assets:	
Cash and cash equivalents	$ 702,463
Accounts receivable, net	193,545
Capital campaign pledges receivable, net	808,044
Investments	2,122,764
Total financial assets as of June 30, 2019	3,826,816
Less amounts unavailable for general expenditures within one year, due to:	
Donor imposed restrictions:	
Restricted by donors with purpose restriction	(1,780,369)
Financial assets available to meet cash needs for general expenditures within one year	$ 2,046,447

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 $808,044 and $1,102,528 as of June 30, 2019 and 2018, respectively. As of June 30, 2019, the Foundation has raised pledges totaling $6,003,351, exceeding the goal by approximately $503,000. The Foundation has discounted the value of future pledges receivables by using an effective interest rate of 5%.

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

The details of pledges receivable as of June 30, 2019 and 2018 are as follows:

	2019	2018
Pledges receivable at beginning of year	$1,214,233	$1,383,249
New pledges made during the year	65,325	1,084,540
Less:		
Cash received	(398,390)	(1,253,556)
Pledges receivable at end of year	881,168	1,214,233
Unamortized discount	(73,124)	(111,705)
Totals	$ 808,044	$1,102,528

	2019	2018
Amounts due in:		
Less than one year	$231,168	$ 330,900
One to five years	650,000	883,333
Six to ten years	-	-
	$881,168	$1,214,233

Note 7 - INVESTMENTS

Investments are stated at fair market value as of June 30, 2019 and 2018 and consist of the following:

	2019	
Description	Cost	Market Value
Equity mutual funds	$1,336,228	$1,364,814
Corporate bonds and U.S. Government Agency obligations	598,497	614,504
Bond mutual funds	103,397	103,910
Money market funds	39,536	39,536
Total investments	$2,077,658	$2,122,764

Note 7 - INVESTMENTS (Continued)

Description	2018 Cost	2018 Market Value
Equity mutual funds	$1,418,343	$1,793,318
Corporate bonds and U.S. Government Agency obligations	698,816	692,304
Money market funds	55,239	55,239
Total investments	$2,172,398	$2,540,861

Investment return for the year ended June 30, 2019 is summarized as follows:

	Cost	Market Value	Excess of Market Value Over Cost
Balances as of June 30, 2019	$2,077,594	$2,122,764	$ 45,170
Balances as of June 30, 2018	$2,172,398	$2,540,861	368,463
Decrease in unrealized appreciation			$(323,293)

Interest and dividend income, net	$ 48,762
Unrealized loss	(323,293)
Realized gain, net	347,899
Investment income, net	$ 73,368

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

	Cost	Market Value	Excess of Market Value Over Cost
Balances as of June 30, 2018	$2,172,398	$2,540,861	$ 368,463
Balances as of June 30, 2017	$2,537,470	$2,818,230	280,760
Increase in unrealized appreciation			$ 87,703

Note 7 - INVESTMENTS (Continued)

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

Interest and dividend income, net	$396,942
Unrealized gain	87,703
Realized gain, net	161,843
Investment income, net	$646,488

Investment income is presented net of custodian fees of approximately $27,000 for both of the years ended June 30, 2019 and 2018.

Note 8 - 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;
- 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.

Note 8 - FAIR VALUE MEASUREMENTS (Continued)

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.

- *Mutual Funds (Equity Funds and Bond Funds), 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.

As of June 30, 2019 and 2018, assets measured at fair value on a recurring basis are comprised of and determined as follows:

		2019		
			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 mutual funds	$1,364,814	$1,364,814	$ -	$ -
Corporate bonds and U.S. Government Agency obligations	614,504	614,504	-	-
Bond mutual funds	103,910	103,910		
Money market funds	39,536	39,536	-	-
Totals	$2,122,764	$2,122,764	$ -	$ -

Note 8 - FAIR VALUE MEASUREMENTS (Continued)

		2018		
			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	$1,793,318	$1,793,318	$ -	$ -
Corporate bonds and U.S. Government Agency obligations	692,304	692,304	-	-
Money market funds	55,239	55,239	-	-
Totals	$2,540,861	$2,540,861	$ -	$ -

As of June 30, 2019 and 2018, there were no assets measured at fair value on a non-recurring basis.

Note 9 - PROPERTY AND EQUIPMENT

As of June 30, 2019 and 2018, property and equipment and accumulated depreciation was as follows:

	2019	2018
Remote production equipment	$11,754,264	$11,709,358
Equipment	4,943,649	4,613,094
Leasehold improvements	14,821,456	14,812,181
Office equipment	362,939	362,939
Vehicles	70,714	70,714
	31,953,022	31,568,286
Less accumulated depreciation	(16,539,969)	(15,702,643)
Net property and equipment	$15,413,053	$15,865,643

Depreciation and amortization expense was $837,328 and $982,631 for the years ended June 30, 2019 and 2018, respectively.

Note 10 - BANK LINES OF CREDIT

The Foundation had a $2,600,000 line of credit with Iberia Bank. Interest was due monthly at LIBOR - one month + 1.75% (4.15% and 3.85% as of June 30, 2019 and 2018, respectively). The line of credit expired on April 11, 2019. The line of credit was collateralized by a negative pledge agreement. There was no outstanding balance as of June 30, 2019. The balance outstanding as of June 30, 2018 was $879,911. The Foundation incurred interest expense of $30,846 and $37,890 relating to the line of credit for the years ended June 30, 2019 and 2018, respectively. On May 28, 2019, this line of credit was converted into a note payable.

The Foundation has a $1,000,000 line of credit with Hancock Whitney Bank. Interest is due monthly at LIBOR ICE - one month + 2.50% (4.90% and 4.35% as of June 30, 2019 and 2018, respectively). The line of credit expired on November 16, 2018 and was extended through December 4, 2019. The balance outstanding as of June 30, 2019 was $750,000. There was no balance due as of June 30, 2018. The Foundation incurred interest expense relating to this line of credit of approximately $33,000 and $9,000 for the years ended June 30, 2019 and 2018, respectively.

Note 11 - NOTES PAYABLE TO BANK

The Foundation is obligated on the following notes payable as of June 30, 2019 and 2018:

	2019	2018
Note payable to Iberia Bank. The note was converted from a line of credit to a term note in May 2019 and is due upon the lender's demand. If no demand is made, it is due on February 28, 2025. The note bears interest equal to the LIBOR ICE rate plus 1.75% (4.25% and 3.85% as of June 30, 2019 and 2018, respectively) and is secured by a negative pledge balance.	$ 740,845	$ -

Note 11 - NOTES PAYABLE TO BANK (Continued)

	2019	2018
Note payable to Hancock Whitney Bank. The note was converted from a line of credit to a term note in January 2016 and is due in 59 monthly installments of principal and interest ending January 31, 2021. The note bears interest equal to the higher of the Wall Street Journal Prime Rate (5.50% and 5.00% as of June 30, 2019 and 2018, respectively) or 3.75% and is secured by trailers and production equipment.	490,409	783,928
Totals	$1,231,254	$ 783,928

Future principal payments to be made on these notes as of June 30, 2019 are as follows:

Year Ending June 30,	
2020	$1,045,702
2021	185,552
Total	$1,231,254

Interest expense incurred on these notes was approximately $24,000 and $161,000 for the years ended June 30, 2019 and 2018, respectively.

Note 12 - CAPITAL LEASE

The Foundation entered into a capital lease agreement for studio equipment. The lease term was for 24 months and commenced in July 2018. The lease called for 24 monthly payments of $3,578 beginning in July 2018. There is no interest under this agreement, which also included a provision for repairs and other expenses not capitalized.

As of June 30, 2019, the following is a schedule of capitalized cost and accumulated depreciation acquired through capital leases:

Capitalized costs	$75,385
Accumulated depreciation	(9,872)
Net book value	$65,513

Note 12 - CAPITAL LEASE (Continued)

Depreciation expense on equipment acquired through the capital lease totaled $9,872 for the year ended June 30, 2019.

The following is a schedule by years of the future minimum lease payments under capital lease together with the present value of the net minimum lease payment as of June 30, 2019:

Year Ending June 30,	
2020	$42,938
Less amount representing interest	-
Present value of minimum lease payments	$42,938

Note 13 - 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 restricted net assets in the accompanying consolidated financial statements:

- the original value of the gifts donated to the endowment held in perpetuity;
- the original value of subsequent gifts to the endowment held in perpetuity;
- when applicable, accumulations to the 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, 2019 and 2018.

Note 13 - ENDOWMENT (Continued)

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.

Endowment net asset composition by type of fund as of June 30, 2019 and 2018 is as follows:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$947,884	$947,884

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$947,884	$947,884

Note 13 - ENDOWMENT (Continued)

Changes in endowment net assets for the years ending June 30, 2019 and 2018 are as follows:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Totals
Net assets, beginning of the year	$ -	$947,884	$947,884
Investment gain	42,103	-	42,103
Transfers to operations	(42,103)	-	(42,103)
Net assets, end of the year	$ -	$947,884	$947,884

	2018		
	Without Donor Restrictions	With Donor Restrictions	Totals
Net assets, beginning of the year	$ -	$947,884	$947,884
Investment gain	104,541	-	104,541
Transfers to operations	(104,541)	-	(104,541)
Net assets, end of the year	$ -	$947,884	$947,884

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, 2019 and 2018.

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, gifts held in perpetuity 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.

Note 13 - ENDOWMENT (Continued)

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 14 - 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 $100,158 and $95,388 for the years ended June 30, 2019 and 2018, respectively.

The fair value of transmission equipment owned by LPB and leased to the Foundation for no rent was $213,029 for both the years ended June 30, 2019 and 2018.

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, 2019 and 2018.

The Foundation recorded the value of certain in-kind goods and services received of $26,033 and $150,935 for the years ended June 30, 2019 and 2018, respectively.

Note 14 - IN-KIND SUPPORT - RENTAL VALUE OF LEASED FACILITIES AND OTHER (Continued)

The fair rental values of the above described properties have been recorded as support and expenses in the years ended June 30, 2019 and 2018 as follows:

	2019	2018
Support		
Transmitter in-kind rent:		
Tower and facility	$100,158	$ 95,388
Transmission equipment	213,029	213,029
Studio and office building in-kind rent	200,000	200,000
Other goods and services	26,033	150,935
Total support	$539,220	$659,352
Expenditures		
Tower rental	$100,158	$ 95,388
Transmission equipment	213,029	213,029
Land rental	200,000	200,000
Donated goods and services	26,033	150,935
Total expenditures	$539,220	$659,352

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 15 - 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 $47,000 and $48,000 for the years ended June 30, 2019 and 2018, respectively. The agreement was revised and updated effective April 1, 2019 through June 30, 2020, $15,400 of the total contract fees of $77,000 for the term of the contract have been incurred as of June 30, 2019.

Note 15 - COMMITMENTS AND CONTINGENCIES (Continued)

YESCOM leased a facility to store its trucks under an operating lease through July 2019 for $4,500 per month. The foundation has not extended the lease and is currently paying month to month. Rent expense was $54,000 for each of the years ended June 30, 2019 and 2018.

Future minimum lease payments due on this lease as of June 30, 2019 are as follows:

Year Ending June 30,	Amount
2020	$4,500

Note 16 - 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 17). This income is reported as unrelated business income in the Foundation's Exempt Organization Business Income Tax Return ("Form 990T"). There was no net taxable income for either of the years ended June 30, 2019 or 2018. Income tax payments totaled approximately $9,000 for the year ended June 30, 2018. During the year ended June 30, 2019, refundable income taxes of approximately $10,000 were received. As of June 30, 2018, refundable income tax was approximately $10,000. There is no amount due or receivable as of June 30, 2019.

The Foundation has a net operating loss of approximately $1,034,000 that can be carried forward indefinitely.

Note 17 - 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.

Note 17 - SUBSIDIARY OPERATIONS AND INCOME TAXES (Continued)

Yescom's operations resulted in a net loss of approximately $40,000 for the year ended June 30, 2019, which will be carried forward indefinitely. For the year ended June 30, 2019, income taxes paid totaled approximately $8,000.

For the year ended June 30, 2018, Yescom utilized a portion of its accumulated net operating loss carry forward and reported tax expenses of approximately $11,000. Income tax payments totaled approximately $3,100 for the year ended June 30, 2018. For the year ended June 30, 2018, income tax payable was approximately $8,000.

Note 18 - BROADCAST HOURS

Broadcast hours of the television station were 8,760 (unaudited) on each of the three channels for a total of 26,280 hours for both years ended June 30, 2019 and 2018.

Note 19 - RETIREMENT PLAN

The Foundation has a retirement program whereby its employees participate in the TIAA Retirement Annuity Program, a Tax-Sheltered Annuity. Subsequent to Board approval, the Foundation provided a 2.33 to 1 discretionary matching contribution for elective employee contributions up to 3% of qualified earnings for both years ended June 30, 2019 and 2018. As of June 30, 2019, 25 employees were participating in the program. Retirement expenses under this plan totaled $93,212 and $83,171 for the years ended June 30, 2019 and 2018, respectively.

Note 20 - SUPPLEMENTAL CASH FLOWS INFORMATION

Cash payments of interest (for notes payable and short term financing arrangements) during the years ended June 30, 2019 and 2018 were approximately $88,000 and $208,000, respectively.

No cash payments of income taxes were made during the year ended June 30, 2019. There were payments of approximately $12,000 during the year ended June 30, 2018.

During the year ended June 30, 2019, non-cash investing and financing transactions of the Foundation included property and equipment of $75,385 acquired through a capital lease. For the year ended June 30, 2018, these transactions included donations of property and equipment of $105,253.

Note 20 - SUPPLEMENTAL CASH FLOWS INFORMATION (Continued)

The balance of the Iberia Bank line of credit of $740,845 as of May 28, 2019 was converted to a term note payable.

Note 21 - 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 22 - 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 $17,000 and $13,000 for the years ended June 30, 2019 and 2018, respectively.

SUPPLEMENTAL INFORMATION

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

Greater New Orleans Educational Television Foundation and Subsidiaries

June 30, 2019

	Foundation	Yescom	WYES Media Services	Eliminations	Totals
Assets					
Cash and cash equivalents	$ 202,196	$ 60,050	$ 440,217	$ -	$ 702,463
Accounts receivable, net	38,663	154,882	-	-	193,545
Capital campaign pledges receivable, net	808,044	-	-	-	808,044
Prepaid expenses	101,422	7,674	7,501	-	116,597
Investments	2,122,764	-	-	-	2,122,764
Property and equipment, net of accumulated depreciation	15,413,053	-	-	-	15,413,053
Investment in Yescom (subsidiary)	10,000	-	-	(10,000)	-
Due to subsidiaries, net	-	64,661	254,488	(319,149)	-
Total assets	$ 18,696,142	$ 287,267	$ 702,206	$ (329,149)	$ 19,356,466
Liabilities					
Accounts payable and accrued expenses	$ 266,154	$ 53,021	$ 9,600	$ -	$ 328,775
Line of credit	750,000	-	-	-	750,000
Notes payable to bank	1,231,254	-	-	-	1,231,254
Obligation under capital lease	42,938	-	-	-	42,938
Deferred revenue	859,703	5,408	430,000	-	1,295,111
Due from parent, net	319,149	-	-	(319,149)	-
Total liabilities	3,469,198	58,429	439,600	(319,149)	3,648,078
Net Assets					
Common stock	-	10,000	-	(10,000)	-
Net assets (deficit):					
Without donor restrictions	13,446,575	218,838	262,606	-	13,928,019
With donor restrictions	1,780,369	-	-	-	1,780,369
Total net assets (deficit) and common stock	15,226,944	228,838	262,606	(10,000)	15,708,388
Total liabilities, net assets (deficit) and common stock	$ 18,696,142	$ 287,267	$ 702,206	$ (329,149)	$ 19,356,466

CONSOLIDATING STATEMENT OF ACTIVITIES

Greater New Orleans Educational Television Foundation and Subsidiaries

For the year ended June 30, 2019

	Foundation	Yescom	WYES Media Services	Eliminations	Totals
Changes in Unrestricted Net Assets					
Support and revenues:					
Support:					
Contributions	$ 2,315,947	$ -	$ -	$ -	$ 2,315,947
Grants from the Corporation for Public Broadcasting	654,301	-	-	-	654,301
Other grants	89,220	-	455,000	-	544,220
Other support	167,266	-	-	-	167,266
In-kind support	539,220	-	-	-	539,220
Revenues:					
Miscellaneous sales	32,858	-	-	-	32,858
Contract and production services	860,736	3,424,392	-	(805,526)	3,479,602
Investment income	73,368	-	-	-	73,368
Total unrestricted support and revenues	4,732,916	3,424,392	455,000	(805,526)	7,806,782
Net assets released from restrictions	256,490	-	-	-	256,490
Total unrestricted support and revenues	4,989,406	3,424,392	455,000	(805,526)	8,063,272
Expenses:					
Program services	3,593,742	3,087,441	477,258	(805,526)	6,352,915
Management and general	1,514,934	376,794	-	-	1,891,728
Development	962,948	-	-	-	962,948
Total expenses	6,071,624	3,464,235	477,258	(805,526)	9,207,591
Increase (decrease) in unrestricted net assets	(1,082,218)	(39,843)	(22,258)	-	(1,144,319)
Changes in Restricted Net Assets					
Support:					
Capital campaign	-	-	-	-	-
Total restricted support and revenues	-	-	-	-	-
Net assets released from restrictions	(256,490)	-	-	-	(256,490)
Decrease in restricted net assets	(256,490)	-	-	-	(256,490)
Increase (Decrease) in Net Assets	(1,338,708)	(39,843)	(22,258)	-	(1,400,809)
Net Assets (Deficit)					
Beginning of year	16,565,652	258,681	284,864	-	17,109,197
End of year	$15,226,944	$ 218,838	$262,606	$ -	$15,708,388

CONSOLIDATED SCHEDULE OF SUPPORT AND REVENUES

Greater New Orleans Educational Television Foundation and Subsidiaries

For the year ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Totals
Support and Revenues			
Support:			
Contributions:			
Membership and general	$ 926,653		$ 926,653
Capital campaign	103,906		103,906
Local business support	72,000		72,000
Major gifts	299,574		299,574
Program and production underwriting	738,814		738,814
Support from commercial station - transmitter	175,000		175,000
Total contributions	2,315,947		2,315,947
Grants from the Corporation for Public Broadcasting	654,301		654,301
Other grants:			
Grants - foundations and agencies	544,220		544,220
Other support:			
Special events	151,969		151,969
Miscellaneous	15,297		15,297
Total other support	167,266		167,266
In-kind support:			
Rent:			
Transmission equipment	213,029		213,029
Transmitter	100,158		100,158
Land	200,000		200,000
Goods and services	26,033		26,033
Total in-kind support	539,220		539,220
Total support	4,220,954		4,220,954

	Without Donor Restrictions	With Donor Restrictions	Totals
Support and Revenues (Continued)			
Total support (carried forward)	4,220,954		4,220,954
Revenues:			
Miscellaneous sales, net	32,858		32,858
Contract and production services:			
Contract services	1,816,117		1,816,117
Production services	1,608,275		1,608,275
Tower rental	55,210		55,210
Total contract and production services	3,479,602		3,479,602
Investment income:			
Interest income, net of custodian fees	48,762		48,762
Net unrealized loss on investments	(323,293)		(323,293)
Net realized gain on investments	347,899		347,899
Investment income, net	73,368		73,368
Total revenues	3,585,828		3,585,828
Total support and revenues	$7,806,782	$ -	$7,806,782

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER

Greater New Orleans Educational Television Foundation and Subsidiaries

For the year ended June 30, 2019

Agency Head Name: Allan Pizzato, President

Purpose	
Salary	$ 155,000
Benefits - insurance	11,015
Benefits - retirement	10,850
Benefits - other	10,498
Car allowance	0
Vehicle provided	0
Per diem	0
Reimbursements	5,316
Travel	0
Registration fees	1,785
Conference travel	3,671
Continuing professional education fees	0
Housing	0
Unvouchered expenses	0
Special meals	0
	$ 198,135

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the consolidated financial statements of Greater New Orleans Educational Television Foundation and Subsidiaries as of and for the year ended June 30, 2019, and the related notes to the consolidated financial statements and have issued our report thereon dated November 6, 2019.

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.
November 6, 2019.

SCHEDULE OF FINDINGS AND RESPONSES

Greater New Orleans Educational Television Foundation and Subsidiaries

For the year ended June 30, 2019

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, 2019, 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, 2019.

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, 2019 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, 2019, 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, 2019

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, 2018.

No significant deficiencies were reported during the audit of the consolidated financial statements for the year ended June 30, 2018.

Compliance

No compliance findings material to the consolidated financial statements were noted during the audit for the year ended June 30, 2018.

Section II - Internal Control and Compliance Material to Federal Awards

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

Section III - Management Letter

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

MANAGEMENT'S CORRECTIVE ACTION PLAN

Greater New Orleans Educational Television Foundation and Subsidiaries

For the year ended June 30, 2019

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, 2019 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, 2019 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, 2019, 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, 2019.