

REDWOOD EMPIRE PUBLIC TELEVISION, INC.

FINANCIAL STATEMENTS

For the Years Ended June 30, 2018 and 2017

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June 30, 2018

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REDWOOD EMPIRE PUBLIC TELEVISION, INC.

BOARD OF DIRECTORS

June 30, 2018

MEMBERS

ADDRESS

Paul McNally, President	Eureka, California
Cynthia Denbo, Vice President	Eureka, California
Marie Liscom, Treasurer	Eureka, California
Margaret Fleming, Secretary	Eureka, California
Mary Bullwinkel, Director	Eureka, California
Lora Canzoneri, Director	Eureka, California
Annette DeModena, Director	Eureka, California
Mandi Kindred, Director	Eureka, California
Carol Larsen, Director	Ferndale, California
Michelle Sievertson, Director	Eureka, California
Doralee Smith, Director	Arcata, California
Alexandra Stillman, Director	Arcata, California
John VanderMolen, Director	Eureka, California
Chris Young, Director	Eureka, California

EXECUTIVE DIRECTOR/CEO

David Gordon

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To the Board of Directors
Redwood Empire Public Television, Inc.

We have audited the accompanying statement of financial position of Redwood Empire Public Television, Inc. (a nonprofit organization) as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

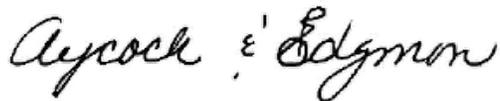
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Redwood Empire Public Television, Inc. as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
Redwood Empire Public Television, Inc.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional support and revenues and functional expenses, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

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Aycock and Edgmon
February 4, 2019

FINANCIAL STATEMENTS

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STATEMENT OF FINANCIAL POSITION

June 30, 2018 and 2017

ASSETS	<u>2018</u>	<u>2017</u>
Current Assets		
Cash and cash equivalents	\$ 205,535	\$ 294,078
Accounts receivable - Net	28,601	38,069
Unconditional promises to give	13,814	18,804
Grants receivable	-	3,841
Prepaid expenses	48,149	55,550
Total Current Assets	<u>296,099</u>	<u>410,342</u>
Property and Equipment		
Land and land improvements	434,799	434,799
Buildings and equipment	448,629	442,064
Engineering building and equipment	2,972,502	2,947,483
Studio equipment	2,027,587	1,962,294
Office furniture and equipment	196,731	196,731
Vehicles	91,321	91,321
Accumulated depreciation	<u>(5,219,597)</u>	<u>(5,108,800)</u>
Total Property and Equipment	<u>951,972</u>	<u>965,892</u>
Other Assets		
Board designated endowment fund	438,901	405,519
Deposits	465	465
Total Other Assets	<u>439,366</u>	<u>405,984</u>
TOTAL ASSETS	<u>\$ 1,687,437</u>	<u>\$ 1,782,218</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 24,494	\$ 17,266
Current portion of notes payable	6,568	11,121
Sales tax payable	547	-
Refundable advances	13,450	13,300
Accrued liabilities:		
Compensated absences	16,485	23,483
Total Current Liabilities	<u>61,544</u>	<u>65,170</u>
Long-Term Liabilities		
Notes payable	18,716	25,285
TOTAL LIABILITIES	<u>80,260</u>	<u>90,455</u>
Net Assets		
Unrestricted net assets	1,604,291	1,688,252
Temporarily restricted net assets	2,886	3,511
Total Net Assets	<u>1,607,177</u>	<u>1,691,763</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,687,437</u>	<u>\$ 1,782,218</u>

The accompanying notes to financial statements are an integral part of this statement.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT, REVENUE, AND GAINS				
Support				
Contracts, grants, and exchange transactions	\$ 55,856	\$ -	\$ -	\$ 55,856
Contributions	1,043,961	-	-	1,043,961
Fund-raising	145,319	-	-	145,319
In-kind and trade-out support	77,715	-	-	77,715
Total Support	<u>1,322,851</u>	<u>-</u>	<u>-</u>	<u>1,322,851</u>
Revenue and Gains				
Production	1,244	-	-	1,244
Underwriting	94,535	-	-	94,535
Rents	203,102	-	-	203,102
Power reimbursement	97,636	-	-	97,636
Other income	102	-	-	102
Interest income	13,686	-	-	13,686
Unrealized gains on investments	22,760	-	-	22,760
Realized gains on investments	1,660	-	-	1,660
Total Revenue and Gains	<u>434,725</u>	<u>-</u>	<u>-</u>	<u>434,725</u>
TOTAL SUPPORT, REVENUE, AND GAINS	<u>1,757,576</u>	<u>-</u>	<u>-</u>	<u>1,757,576</u>
EXPENSES				
Program Services				
Programing and production	648,690	-	-	648,690
Broadcasting	455,456	-	-	455,456
Program information and promotion	37,084	-	-	37,084
Total Program Services	<u>1,141,230</u>	<u>-</u>	<u>-</u>	<u>1,141,230</u>
Support Services				
Fund-raising and membership	312,246	-	-	312,246
General and administrative	388,686	-	-	388,686
Total Support Services	<u>700,932</u>	<u>-</u>	<u>-</u>	<u>700,932</u>
TOTAL EXPENSES	<u>1,842,162</u>	<u>-</u>	<u>-</u>	<u>1,842,163</u>
CHANGE IN NET ASSETS	(84,586)	-	-	(84,586)
Depreciation on grant funded equipment	625	(625)	-	-
NET ASSETS, JULY 1	<u>1,688,252</u>	<u>3,511</u>	<u>-</u>	<u>1,691,763</u>
NET ASSETS, JUNE 30	<u>\$ 1,604,291</u>	<u>\$ 2,886</u>	<u>\$ -</u>	<u>\$ 1,607,177</u>

The accompanying notes to financial statements are an integral part of this statement.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT, REVENUE, AND GAINS				
Support				
Contracts, grants, and exchange transactions	\$ 106,208	\$ -	\$ -	\$ 106,208
Contributions	1,125,652	-	-	1,125,652
Fund-raising	151,653	-	-	151,653
In-kind and trade-out support	44,828	-	-	44,828
Total Support	<u>1,428,341</u>	<u>-</u>	<u>-</u>	<u>1,428,341</u>
Revenue and Gains				
Production	402	-	-	402
Underwriting	100,154	-	-	100,154
Rents	195,690	-	-	195,690
Power reimbursement	102,668	-	-	102,668
Other income	2,069	-	-	2,069
Interest	10,051	-	-	10,051
Unrealized gains on investments	43,837	-	-	43,837
Realized gains on investments	1,880	-	-	1,880
Total Revenue and Gains	<u>456,751</u>	<u>-</u>	<u>-</u>	<u>456,751</u>
TOTAL SUPPORT, REVENUE, AND GAINS	<u>1,885,092</u>	<u>-</u>	<u>-</u>	<u>1,885,092</u>
EXPENSES				
Program Services				
Programing and production	604,836	-	-	604,836
Broadcasting	468,471	-	-	468,471
Program information and promotion	53,778	-	-	53,778
Total Program Services	<u>1,127,085</u>	<u>-</u>	<u>-</u>	<u>1,127,085</u>
Support Services				
Fund-raising and membership	276,838	-	-	276,838
General and administrative	397,667	-	-	397,667
Total Support Services	<u>674,505</u>	<u>-</u>	<u>-</u>	<u>674,505</u>
TOTAL EXPENSES	<u>1,801,590</u>	<u>-</u>	<u>-</u>	<u>1,801,590</u>
CHANGE IN NET ASSETS	83,502	-	-	83,502
Depreciation on grant funded equipment	18,855	(18,855)	-	-
NET ASSETS, JULY 1	<u>1,585,895</u>	<u>22,366</u>	<u>-</u>	<u>1,608,261</u>
NET ASSETS, JUNE 30	<u>\$ 1,688,252</u>	<u>\$ 3,511</u>	<u>\$ -</u>	<u>\$ 1,691,763</u>

The accompanying notes to financial statements are an integral part of this statement.

STATEMENT OF CASH FLOWS

For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (84,586)	\$ 83,502
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	110,797	161,852
Realized losses (gains) on sale of investments	(1,660)	(1,880)
Unrealized losses (gains) on investments	(22,760)	(43,837)
(Increases) decreases in operating assets:		
Accounts receivable	9,468	(6,330)
Grants receivable	3,841	(839)
Unconditional promises to give	4,990	(1,685)
Prepaid expenses	7,400	2,860
Increase (decrease) in operating liabilities:		
Accounts payable	6,860	(647)
Refundable advances	150	(781)
Accrued liabilities	(6,082)	(15,656)
Total Adjustments	<u>113,004</u>	<u>93,057</u>
Net Cash Provided by Operating Activities	<u>28,418</u>	<u>176,559</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(96,876)	(49,939)
Purchase of investments	(8,963)	(5,925)
Net Cash Used by Investing Activities	<u>(105,839)</u>	<u>(55,864)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
New borrowings	36,500	-
Debt repayments	(46,622)	(24,419)
Net Cash Used by Financing Activities	<u>(10,122)</u>	<u>(24,419)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(87,543)</u>	<u>96,276</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>294,078</u>	<u>197,802</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 206,535</u>	<u>\$ 294,078</u>

Supplemental information:

Interest expense for the years ended June 30, 2018 and 2017 was \$740 and \$1,424, respectively.

The accompanying notes to financial statements are an integral part of this statement.

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIESNature of Activities

Redwood Empire Public Television, Inc. (KEET TV) is a nonprofit corporation chartered on December 11, 1962 for the purpose of providing alternative and educational television to the general public.

Basis of Accounting

The financial statements of KEET TV have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Promises to Give

Contributions are recognized when the donor makes a promise to give to KEET TV that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

KEET TV uses the allowance method to determine uncollectible unconditional promises received. The allowance is based on prior years' experience and management's analysis of specific promises made.

Financial Statement Presentation

KEET TV presents information about its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. During the fiscal years ended June 30, 2018 and 2017, KEET TV had no permanently restricted net assets.

Unrestricted net assets are those whose use is not restricted by donor-imposed stipulations even though their use may be limited in other respects, such as by contract, loan agreement, or board designation.

Temporarily restricted net assets are those whose use is subject to a donor-imposed restriction of time or purpose. When a purpose or time restriction ends, temporarily restricted net assets are released to unrestricted net assets.

Property and Equipment

Property and equipment are valued at historical cost for purchased items and at estimated fair value for donated items. Depreciation is computed on all depreciable property using the straight line method based on estimated useful lives. The estimated lives of such assets range between four and twenty years. KEET TV has not established an explicit capitalization policy.

Restricted and Unrestricted Support

Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or a purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUEDContributed Services

Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) required specialized skills, are performed by people with those skills, and would otherwise be purchased by KEET TV.

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, KEET TV considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Income Taxes

KEET TV is exempt from federal and state income taxes under Internal Revenue Code Section (IRC) 501(c)(3) and California Revenue and Taxation Code Section 23701. Additionally, the Internal Revenue Service has determined that KEET TV is not a private foundation within the meaning of IRC Section 509(a).

KEET TV has adopted the provisions of Interpretation ("FIN") No. 48, "Accounting for Uncertainty in Income Taxes-an Interpretation of FASB Statement No. 109" (ASC 740). ASC 740 prescribes a new threshold for determining when an income tax benefit can be recognized, which is a higher threshold than the one imposed for claiming deductions on income tax returns. The adoption of ASC 740 did not have an impact on KEET TV's financial statements. KEET TV's federal and state tax returns are subject to possible examination by the taxing authorities until the expiration of the related statutes of limitations on those tax returns. In general, the federal and state income tax returns have three and four year statute of limitations, respectively. KEET TV would recognize accrued interest and penalties associated with uncertain tax provisions, if any, as part of the income tax provision.

Functional Expenses

KEET TV allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated by various statistical bases.

Advertising Costs

Advertising costs are expensed in the period in which they are incurred.

Reclassifications and Comparative Financial Information

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements. Moreover, the financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with KEET TV's financial statements for the year ended June 30, 2017, for which summarized information was derived.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE B - CASH AND CASH EQUIVALENTS

At June 30, 2018 and 2017 cash and cash equivalents were composed of the following:

	<u>2018</u>	<u>2017</u>
Petty cash	\$ 207	\$ 251
Checking and savings	<u>205,328</u>	<u>293,827</u>
	<u>\$ 205,535</u>	<u>\$ 294,078</u>

NOTE C - RECEIVABLES

Receivable were composed of the following at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Trade receivables	\$ 37,845	\$ 47,313
Allowance for doubtful accounts	<u>(9,244)</u>	<u>(9,244)</u>
	28,601	38,069
Pledge receivables	13,814	18,804
Grant receivable	<u>-</u>	<u>3,841</u>
	<u>\$ 42,415</u>	<u>\$ 60,714</u>

NOTE D - ENDOWMENT

The endowment is comprised of a Board designated endowment fund pooled with the Humboldt Area Foundation. The changes in the endowment for the years ended June 30, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Investment returns:		
Interest and dividends earned	\$ 13,686	\$ 10,029
Realized gains (losses)	1,660	1,880
Unrealized gains (loss)	22,760	43,837
Other income	<u>-</u>	<u>-</u>
	38,106	55,746
Other changes:		
Gifts	-	-
Investment/Management fees	<u>(4,724)</u>	<u>(4,104)</u>
Net changes in endowment	33,382	51,642
Endowment, Beginning of period	<u>405,519</u>	<u>353,877</u>
Endowment, End of period	<u>\$ 438,901</u>	<u>\$ 405,519</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE E - PROPERTY AND EQUIPMENT

The following is a summary of the changes in property and equipment:

	Balance July 1, 2017	Additions	Disposals	Balance June 30, 2018
Land and land improvements	\$ 434,799	\$ -	\$ -	\$ 434,799
Engineering building and equipment	2,947,483	25,019	-	2,972,502
Studio equipment	1,962,294	65,293	-	2,027,587
Vehicles	91,321	-	-	91,321
Building and improvements	442,064	6,565	-	448,629
Office furniture and equipment	196,731	-	-	196,731
Accumulated depreciation	<u>(5,108,800)</u>	<u>(110,797)</u>	<u>-</u>	<u>(5,219,597)</u>
	<u>\$ 965,892</u>	<u>\$ (13,920)</u>	<u>\$ -</u>	<u>\$ 951,972</u>
	Balance July 1, 2016	Additions	Disposals	Balance June 30, 2017
Land and land improvements	\$ 434,799	\$ -	\$ -	\$ 434,799
Engineering building and equipment	2,923,385	24,098	-	2,947,483
Studio equipment	1,936,453	25,841	-	1,962,294
Vehicles	91,321	-	-	91,321
Building and improvements	442,064	-	-	442,064
Office furniture and equipment	196,731	-	-	196,731
Accumulated depreciation	<u>(4,946,948)</u>	<u>(161,852)</u>	<u>-</u>	<u>(5,108,800)</u>
	<u>\$ 1,077,805</u>	<u>\$ (111,913)</u>	<u>\$ -</u>	<u>\$ 965,892</u>

Depreciation expense for the fiscal years ended June 30, 2018 and 2017 was \$110,797 and \$161,852, respectively.

NOTE F - REFUNDABLE ADVANCES

KEET TV records grant and contract revenue as a refundable advance until it is expended for the purpose of the grant or contract, at which time it is recognized as revenue. The balances in refundable advances of \$13,330 and \$14,081 as of June 30, 2018 and 2017, respectively, represent amounts received from funding agencies and not expended for allowable program costs as follows:

	2018	2017
USDA, Rural Utilities Service		
Digital Transition Grant Agreement #BA1601-B33	\$ 10,300	\$ 10,300
Tower rent	<u>3,150</u>	<u>3,000</u>
	<u>\$ 13,450</u>	<u>\$ 13,300</u>

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE G - CREDIT LINE

KEET TV has an available line of credit from Coast Central Credit Union for \$200,000. The credit line bears interest at a rate of 4.75%. The credit line is renewable every two years. A balance of \$0 and \$0 was outstanding as of June 30, 2018 and 2017, respectively.

NOTE H - NOTES PAYABLE

KEET TV is obligated under one promissory note as follows:

	<u>Current</u>	<u>Long-term</u>	<u>Total</u>
Note payable to Coast Central Credit Union, payable at \$591 per month, including interest at 1.90%, secured by a 2016 Honda CRV	<u>\$ 6,568</u>	<u>\$ 18,716</u>	<u>\$ 25,284</u>

Future minimum payments at June 30, 2018 are approximately as follows:

Year Ending June 30	
2019	6,991
2020	6,991
2021	6,991
2022	<u>5,243</u>
Minimum payments	26,216
Less interest	<u>932</u>
	25,284
Less current portion	<u>6,568</u>
Long-term portion	<u>\$ 18,716</u>

NOTE I - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of equipment and public telecommunications facilities purchased with National Telecommunications and Information Administration/Public Telecommunications Facilities Program grants. All such equipment and facilities have recorded liens identifying the federal government (Department of Commerce) as the priority-secured creditor. The liens extend from the initial receipt of the equipment through a ten-year period following completion of the grant project.

<u>Cost of Equipment and Facilities</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Lien Expiration</u>
<u>\$ 494,769</u>	<u>\$ 491,883</u>	<u>\$ 2,886</u>	2015

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE J - CONTRIBUTED SERVICES

KEET TV trades for goods and services with businesses in the community. Trade revenues were as follows:

	<u>2018</u>	<u>2017</u>
Underwriting	\$ 55,899	\$ 21,454
Operating supplies	21,596	19,093
Services	<u>220</u>	<u>4,281</u>
	<u>\$ 77,715</u>	<u>\$ 44,828</u>

NOTE K - SIGNIFICANT CONCENTRATION RISK

KEET TV does not maintain significant cash balances with financial institutions that are insured by the Federal Deposit Insurance Corporation. However, significant cash balances are insured by either the National Credit Union Administration or the Securities Investor Protection Corporation for up to \$250,000. Redwood Empire Public Television, Inc.'s uninsured cash balances at June 30, 2018 and 2017 total \$0 and \$0, respectively.

NOTE L - COMMUNITY SERVICE GRANTS

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grant making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public telecommunications entities. CSGs are used to augment the financial resources of public broadcasting stations and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated Section 396(k)(7), (1983) Supplement. In any event, each grant must be expended within two years of the initial grant authorization.

According to the Communications Act, funds may be used at the discretion of recipients. Public broadcasters use these funds for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain activities begun with Community Service Grants awarded in prior years.

The grants are reported on the accompanying financial statements as unrestricted operating funds; however, certain guidelines must be satisfied in connection with application for and use of the grants to maintain eligibility and compliance requirements. These guidelines pertain to the use of grant funds, record keeping, audits, financial reporting, and licensee status with the Federal Communications Commission.

NOTE M - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE N - CONTINGENT LIABILITIES

Financial awards from federal, state, and local governmental entities in the form of grants are subject to audit. Such audits could result in claims against KEET TV for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits because the amounts, if any, cannot be determined at this date.

NOTE O - SUBSEQUENT EVENTS

On July 26, 2018, KEET TV received \$210,129 from the proceeds of the sale of land that was purchased for \$259,162 in October 2002, which resulted in a loss on the sale of \$49,034.

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SUPPLEMENTARY INFORMATION

	Program Services			Total Program Services
	Programming and Production	Broadcasting	Program Information and Promotion	
Community service and interconnection grants	\$ -	\$ -	\$ -	\$ -
Local service grant	-	-	-	-
Other grants and contributions	-	33,946	3,830	37,776
In-kind and trade-out revenue	2,000	6,880	-	8,880
Membership contributions	-	-	7,920	7,920
Fund-raising events	-	-	-	-
	<u>2,000</u>	<u>40,826</u>	<u>11,750</u>	<u>54,576</u>
Production	989	-	-	989
Underwriting	-	-	-	-
Rents	-	203,102	-	203,102
Power reimbursement	-	97,636	-	97,636
Other income	-	-	-	-
Interest income	-	-	-	-
Realized gains on investments	-	-	-	-
Unrealized gains on investments	-	-	-	-
	<u>989</u>	<u>300,738</u>	<u>-</u>	<u>301,727</u>
TOTAL SUPPORT, REVENUE, AND GAINS	<u>\$ 2,989</u>	<u>\$ 341,564</u>	<u>\$ 11,750</u>	<u>\$ 356,303</u>

SCHEDULE OF FUNCTIONAL SUPPORT AND REVENUES

For the Year Ended June 30, 2018

(With Comparative Totals for the Year Ended June 30, 2017)

Fund-raising and Membership Development	Support Services		Total Program and Support Services	
	General and Administrative	Total Support Services	2018	2017
\$ -	\$ 573,495	\$ 573,495	\$ 573,495	\$ 582,420
-	119,889	119,889	119,889	119,245
-	18,080	18,080	55,856	106,208
59,094	9,741	68,835	77,715	44,828
342,657	-	342,657	350,577	423,987
145,319	-	145,319	145,319	151,653
<u>547,070</u>	<u>721,205</u>	<u>1,268,275</u>	<u>1,322,851</u>	<u>1,428,341</u>
255	-	255	1,244	402
94,535	-	94,535	94,535	100,154
-	-	-	203,102	195,690
-	-	-	97,636	102,668
102	-	102	102	2,069
-	13,686	13,686	13,686	10,051
-	1,660	1,660	1,660	1,880
-	22,760	22,760	22,760	43,837
<u>94,892</u>	<u>38,106</u>	<u>132,998</u>	<u>434,725</u>	<u>456,751</u>
<u>\$ 641,962</u>	<u>\$ 759,311</u>	<u>\$ 1,401,273</u>	<u>\$ 1,757,576</u>	<u>\$ 1,885,092</u>

The accompanying notes to financial statements are an integral part of this statement.

	Program Services			Total Program Services
	Programming and Production	Broadcasting	Program Information and Promotion	
Salaries, payroll taxes, and employee benefits	\$ 153,820	\$ 133,276	\$ 9,864	\$ 296,960
Advertising	56,219	-	200	56,419
Bad debt	-	-	-	-
Bank charges	-	-	-	-
Commissions	-	-	-	-
Dues and subscriptions	281,557	520	1,704	283,781
Freight	-	1,703	508	2,211
Insurance	-	-	-	-
Interest expense	-	-	-	-
Membership campaign expense	-	-	-	-
Postage	39	16	5,632	5,687
Premiums	-	-	-	-
Printing/graphics	292	-	11,108	11,400
Professional	48,723	13,401	7,099	69,223
Programming	68,913	-	-	68,913
Rent	-	28,947	-	28,947
Repair and maintenance	15,784	41,066	159	57,009
Supplies	72	7,916	-	7,988
Taxes and licenses	193	-	-	193
Telephone	108	-	-	108
Travel and training	229	1,954	649	2,832
Utilities	-	162,476	-	162,476
Miscellaneous	2,012	-	161	2,173
TOTAL EXPENSES BEFORE DEPRECIATION AND LOSSES	627,961	391,275	37,084	1,056,320
Depreciation	20,729	64,181	-	84,910
TOTAL EXPENSES AND LOSSES	\$ 648,690	\$ 455,456	\$ 37,084	\$ 1,141,230

SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2018

(With Comparative Totals for the Year Ended June 30, 2017)

Support Services				
Fund-raising and Membership Development	General and Administrative	Total Support Services	Total Program and Support Services	
			2018	2017
\$ 190,731	\$ 191,410	\$ 382,141	\$ 679,101	\$ 647,846
-	60	60	56,479	23,026
-	-	-	29	29
9,897	5,346	15,243	15,243	13,886
16,153	-	16,153	16,153	13,722
-	4,894	4,894	288,675	5,486
45	11,006	11,051	13,262	516
-	27,552	27,552	27,552	30,596
-	868	868	868	1,424
16,036	-	16,036	16,036	15,726
2,883	82	2,965	8,652	7,762
13,142	-	13,142	13,142	24,569
4,469	435	4,904	16,304	15,645
3,828	56,834	60,662	129,885	110,580
-	-	-	68,913	348,760
-	6,665	6,665	35,612	33,872
11,952	16,799	28,751	85,760	97,070
2,141	3,025	5,166	13,154	17,397
100	11,989	12,089	12,282	8,360
-	11,426	11,426	11,534	11,235
38,061	11,516	49,577	52,409	40,609
-	2,755	2,755	165,231	167,230
2,808	137	2,945	5,118	4,392
<u>312,246</u>	<u>362,799</u>	<u>675,045</u>	<u>1,731,365</u>	<u>1,639,738</u>
<u>-</u>	<u>25,887</u>	<u>25,887</u>	<u>110,797</u>	<u>161,852</u>
<u>\$ 312,246</u>	<u>\$ 388,686</u>	<u>\$ 700,932</u>	<u>\$ 1,842,162</u>	<u>\$ 1,801,590</u>

The accompanying notes to financial statements are an integral part of this statement.