

*Financial Statements*

**WNIN Tri-State Public Media, Inc.**

September 30, 2018 and 2017

**WNIN TRI-STATE PUBLIC MEDIA, INC.**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
WNIN Tri-State Public Media, Inc.  
Two Main Street  
Evansville, Indiana 47708

We have audited the accompanying financial statements of WNIN Tri-State Public Media, Inc., (a nonprofit organization), which comprise the statements of financial position as of September 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 WNIN Tri-State Public Media, Inc. as of September 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.

**Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of activities by segment on page 20 are presented for purposes of additional analysis and are 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.

*Umbach & Associates, LLP*

Evansville, Indiana  
January 3, 2019

**WNIN TRI-STATE PUBLIC MEDIA, INC.**  
**Statements of Financial Position**  
**At September 30, 2018 and 2017**

<b>Assets</b>	<b>2018</b>	<b>2017</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 512,249	\$ 807,857
Receivables, net of allowance; 2018 - \$8,456, 2017 - \$8,819	300,171	486,300
Prepaid expenses and other assets	133,321	169,451
Investments - Board designated	519,390	507,745
Program licenses	321,488	328,339
Capital campaign receivables	562,666	821,000
Fixed assets held for sale	229,854	175,348
Property, plant, and equipment - net	5,268,106	5,345,136
Investment - Community Foundation	11,855	10,902
	<b>\$ 7,859,100</b>	<b>\$ 8,652,078</b>
<b>Total Assets</b>	<b>\$ 7,859,100</b>	<b>\$ 8,652,078</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 86,388	\$ 343,303
Current portion of note payable	123,904	127,320
Program licenses payable	428,650	437,786
Accrued payroll and related liabilities	107,290	102,497
Deferred revenue	167,806	138,423
Note payable	1,158,493	1,141,924
	<b>2,072,531</b>	<b>2,291,253</b>
<b>Net Assets</b>		
Unrestricted:		
Undesignated	4,512,393	5,002,421
Designated	1,205,439	1,193,794
Temporarily restricted	56,882	153,708
Permanently restricted	11,855	10,902
	<b>5,786,569</b>	<b>6,360,825</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 7,859,100</b>	<b>\$ 8,652,078</b>

See notes to financial statements

**WNIN TRI-STATE PUBLIC MEDIA, INC.**  
**Statements of Activities**  
**For the Years Ended September 30, 2018 and 2017**

	2018				2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues, Gains, and Other Support</b>								
CPB grants	\$ 789,023	\$ 00	\$ 00	\$ 789,023	\$ 842,933	\$ 93,750	\$ 00	\$ 936,683
Membership and major gifts	495,489	47,916	00	543,405	485,454	49,976	00	535,430
Underwriting/corporate support	200,360	00	00	200,360	216,302	00	00	216,302
Trade underwriting	72,888	00	00	72,888	70,850	00	00	70,850
In-kind contributions	383,448	00	00	383,448	198,383	00	00	198,383
Special events	41,767	00	00	41,767	46,215	00	00	46,215
Auction	44,698	00	00	44,698	58,935	00	00	58,935
State appropriations	426,568	00	00	426,568	426,568	00	00	426,568
Production	60,878	00	00	60,878	73,771	00	00	73,771
Local revenue	4,972	00	00	4,972	28,338	00	00	28,338
Theater	4,535	00	00	4,535	00	00	00	00
Other revenues								
Grants	18,005	2,564	00	20,569	11,346	2,699	00	14,045
Investment return	11,645	00	00	11,645	43,129	00	00	43,129
Miscellaneous revenues	25,760	00	953	26,713	31,070	00	902	31,972
Fixed asset impairment loss	(68,706)	00	00	(68,706)	00	00	00	00
Capital campaign donations	83,107	00	00	83,107	1,335,067	00	00	1,335,067
Capital campaign in-kind donations	3,500	00	00	3,500	509,713	00	00	509,713
<b>Total Revenues, Gains, and Other Support</b>	<u>2,597,937</u>	<u>50,480</u>	<u>953</u>	<u>2,649,370</u>	<u>4,378,074</u>	<u>146,425</u>	<u>902</u>	<u>4,525,401</u>
<b>Transfers</b>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>
<b>Net assets released from restrictions</b>	<u>147,306</u>	<u>(147,306)</u>	<u>00</u>	<u>00</u>	<u>615,637</u>	<u>(615,637)</u>	<u>00</u>	<u>00</u>
<b>Expenses</b>								
Program services								
Programming and productions	2,082,461	00	00	2,082,461	1,943,690	00	00	1,943,690
Broadcasting	190,368	00	00	190,368	163,160	00	00	163,160
New media	28,480	00	00	28,480	18,794	00	00	18,794
Theater	5,626	00	00	5,626	00	00	00	00
General and administrative	487,416	00	00	487,416	431,737	00	00	431,737
Fund raising								
Membership and major gifts	264,473	00	00	264,473	242,208	00	00	242,208
Community engagement	19,621	00	00	19,621	16,899	00	00	16,899
Underwriting	106,125	00	00	106,125	120,670	00	00	120,670
Trade expenses	26,338	00	00	26,338	42,249	00	00	42,249
Capital campaign	12,718	00	00	12,718	16,362	00	00	16,362
<b>Total Expenses</b>	<u>3,223,626</u>	<u>00</u>	<u>00</u>	<u>3,223,626</u>	<u>2,995,769</u>	<u>00</u>	<u>00</u>	<u>2,995,769</u>
<b>Change in Net Assets</b>	(478,383)	(96,826)	953	(574,256)	1,997,942	(469,212)	902	1,529,632
<b>Net Assets - Beginning of Year</b>	<u>6,196,215</u>	<u>153,708</u>	<u>10,902</u>	<u>6,360,825</u>	<u>4,198,273</u>	<u>622,920</u>	<u>10,000</u>	<u>4,831,193</u>
<b>Net Assets - End of Year</b>	<u>\$ 5,717,832</u>	<u>\$ 56,882</u>	<u>\$ 11,855</u>	<u>\$ 5,786,569</u>	<u>\$ 6,196,215</u>	<u>\$ 153,708</u>	<u>\$ 10,902</u>	<u>\$ 6,360,825</u>

See notes to financial statements

**WNIN TRI-STATE PUBLIC MEDIA, INC.**  
**Statements of Functional Expenses**  
**For the Years Ended September 30, 2018 and 2017**

	2018				2017			
	Program Services	General and Administrative	Fund Raising	Total	Program Services	General and Administrative	Fund Raising	Total
Salaries and wages	\$ 432,100	\$ 255,563	\$ 246,157	\$ 933,820	\$ 465,725	\$ 246,141	\$ 249,088	\$ 960,954
Employee benefits	29,036	15,138	18,924	63,098	28,418	15,005	16,754	60,177
Payroll taxes	34,126	16,708	18,013	68,847	38,250	16,436	18,504	73,190
Programming expenses	614,388	00	00	614,388	619,747	00	00	619,747
Legal and accounting	3,950	17,708	00	21,658	3,763	19,551	00	23,314
Supplies	3,732	5,930	736	10,398	2,310	578	406	3,294
Telephone	6,610	1,092	1,377	9,079	6,555	950	1,580	9,085
Postage and shipping	3,718	526	676	4,920	4,951	734	889	6,574
Equipment rental and maintenance	25,704	17,097	16,529	59,330	32,364	6,710	16,933	56,007
Joint master control	125,278	00	00	125,278	56,250	00	00	56,250
Fiber transmission link	19,055	00	00	19,055	1,058	00	00	1,058
Printing	434	223	1,377	2,034	123	264	4,372	4,759
Travel	6,064	4,451	1,584	12,099	2,484	4,012	2,623	9,119
Interest	00	47,568	00	47,568	00	13,819	00	13,819
Depreciation	371,647	14,728	25,591	411,966	397,317	3,240	6,447	407,004
Other expenses								
Dues/subscriptions	73,327	2,231	2,792	78,350	72,603	2,152	2,864	77,619
Membership costs	1,171	00	40,631	41,802	00	00	36,243	36,243
Insurance	30,263	8,590	8,313	47,166	31,336	9,356	8,643	49,335
Utilities	83,386	32,789	7,889	124,064	99,699	17,418	11,346	128,463
Production	13,340	00	00	13,340	15,887	00	00	15,887
Grant expenses	13,472	00	7	13,479	7,214	00	193	7,407
In-kind programming content	382,600	1,998	470	385,068	191,200	2,040	7,183	200,423
In-kind trades	15,030	26,503	26,338	67,871	38,285	17,432	42,249	97,966
Bad debt	00	00	8,455	8,455	00	00	8,819	8,819
Recruitment	00	815	00	815	00	1,397	00	1,397
Real estate taxes	00	00	00	00	00	45,068	00	45,068
Miscellaneous	18,504	17,758	3,416	39,678	10,105	9,434	3,252	22,791
<b>Total Functional Expenses</b>	<b>\$ 2,306,935</b>	<b>\$ 487,416</b>	<b>\$ 429,275</b>	<b>\$ 3,223,626</b>	<b>\$ 2,125,644</b>	<b>\$ 431,737</b>	<b>\$ 438,388</b>	<b>\$ 2,995,769</b>

**WNIN TRI-STATE PUBLIC MEDIA, INC.**  
**Statements of Cash Flows**  
**For the Years Ended September 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Cash Flows From Operating Activities</b>		
Cash received from contributors and grants	\$ 2,387,759	\$ 2,310,080
Investment income received	15,045	9,106
Interest expense	(47,568)	(13,819)
Income taxes paid	(2,409)	(212)
Cash paid to employees and suppliers	(2,525,624)	(2,140,730)
<b>Net Cash Flows Provided By (Used In) Operating Activities</b>	<b>(172,797)</b>	<b>164,425</b>
<b>Cash Flows From Investing Activities</b>		
Purchases of property and equipment	(461,407)	(1,441,872)
Purchases of investments	(180,529)	(10,007)
Proceeds from sale of investments	164,531	00
<b>Net Cash Flows Used In Investing Activities</b>	<b>(477,405)</b>	<b>(1,451,879)</b>
<b>Cash Flows From Financing Activities</b>		
Cash received from capital campaign contributions	341,441	1,008,720
Proceeds from issuance of notes payable	133,256	920,852
Payment of notes payable	(120,103)	(751,608)
<b>Net Cash Flows Provided By Financing Activities</b>	<b>354,594</b>	<b>1,177,964</b>
<b>Net Change In Cash and Cash Equivalents</b>	<b>(295,608)</b>	<b>(109,490)</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>807,857</b>	<b>917,347</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 512,249</b>	<b>\$ 807,857</b>

**Non Cash Transactions:**

The Organization received donated assets of \$2,000 and \$7,673 during the years ended September 30, 2018 and 2017, respectively. The Organization received trade underwriting/donated services of \$457,836 and \$263,600 during the years ended September 30, 2018 and 2017, respectively. During the year ended September 30, 2017, the note holders donated \$500,000 of a previous note balance.



**WNIN TRI-STATE PUBLIC MEDIA, INC.**  
**Notes to Financial Statements**  
**For the Years Ended September 30, 2018 and 2017**

**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Nature of Operations** – WNIN Tri-State Public Media, Inc. is a not-for-profit public service media organization, which operates noncommercial television (WNIN Channel 9.1 and 9.2, and operated Cable Channel 12 and 13 until September 30, 2017) stations, radio (WNIN-FM 88.3) stations, and internet services in Evansville, Indiana. It is licensed by the Federal Communications Commission (FCC) to record, distribute and duplicate programs and other material over broadcast airwaves.

**Financial Statement Presentation** – Information regarding financial position and activities are reported in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. These classes of net assets are based on the existence or absence of externally (donor) imposed restrictions on contributions defined as follows:

**Unrestricted Net Assets** – The unrestricted net asset class includes general assets and liabilities of the Organization. The unrestricted net assets of the Organization may be used at the discretion of management to support the Organization’s purposes and operations.

**Designated Net Assets** – The designated net asset class includes cash and the Organization’s investments for which the board of directors has designated the use. Additions to and disbursements from these assets are at the discretion of the board of directors.

**Temporarily Restricted Net Assets** – The temporarily restricted net asset class includes assets of the Organization related to gifts with explicit donor-imposed restrictions that have not been met as to specified purpose, or to later periods of time or after specified dates. Unconditional promises to give that are due in future periods and are not permanently restricted are classified as temporarily restricted net assets.

**Permanently Restricted Net Assets** – Contributions received with donor-imposed restrictions that neither expire by the passage of time nor by meeting a purpose. There are \$11,855 and \$10,902 of permanently restricted net assets at September 30, 2018 and 2017, respectively.

**Use of Estimates** – The preparation of 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. Accordingly, actual results could differ from those estimates.

**Cash Equivalents** – The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. At September 30, 2018 and 2017, cash equivalents consisted primarily of money market funds.

**Investments and Investment Return** – Investments in equity securities having a readily determinable fair value and all debt securities are carried at fair value. Other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value. Investment return includes dividend, interest and other investment income net of fees and expenses, realized and unrealized gains and losses on investments carried at fair value and realized gains and losses on other investments.

**WNIN TRI-STATE PUBLIC MEDIA, INC.**  
**Notes to Financial Statements**  
**For the Years Ended September 30, 2018 and 2017**

**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

**Investments and Investment Return (continued)** - Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets. Other investment return is reflected in the statements of activities as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

**Receivables** – Receivables consist primarily of amounts due for underwriting contracts and pledges (including capital campaign pledges). Receivables are stated at the amount billed from underwriting contracts and pledges and are recorded when received from donors and customers. The Organization provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Receivables are ordinarily due 30 days after the issuance of the invoice. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

Contributions receivable over one year are recorded at present value of the cash flows discounted at the effective interest rate. The discount is amortized over the period of cash flows.

**Property, Plant and Equipment** – Property, plant and equipment are carried at cost, or at fair value on the date received for donated assets, and are depreciated on a straight-line basis over the estimated useful life of each asset. Expenditures for property, plant and equipment and items which substantially increase the useful lives of existing assets in excess of \$500 are capitalized.

**Support, Revenue and Contributions** – Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts or donations received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Gifts and donations having donor stipulations, which are satisfied in the period the gift is received, are reported as unrestricted revenue and net assets. Gifts, donations and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as unrestricted support.

Gifts of land, buildings, equipment and other long-lived assets are reported as unrestricted revenue and net assets unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as temporarily or permanently restricted revenue and net assets. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of temporarily restricted net assets as unrestricted net assets are reported when the long-lived assets are placed in service.

**Deferred Revenue** – Revenue from fees for underwriting contracts is deferred and recognized over the periods to which the fees relate.

**WNIN TRI-STATE PUBLIC MEDIA, INC.**  
**Notes to Financial Statements**  
**For the Years Ended September 30, 2018 and 2017**

**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

**Donated Services** – The Organization members and other volunteers have given significant amounts of their time to benefit the Organization’s programs. No amounts have been reflected for these volunteer services since no objective basis is available to measure the value of such services. Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

**Functional Allocation of Expenses** – The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the program, general and administrative and fundraising categories based on actual direct expenditures and cost allocations based upon facility use.

**Unemployment Compensation** – The Organization has elected to finance unemployment compensation benefits under a reimbursement method whereby the Organization is billed for actual benefits paid. This option is available to certain governmental and not-for-profit organizations.

**Concentration of Credit Risk** – Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash. At times, cash in banks is in excess of the FDIC insurance limit. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At September 30, 2018 and 2017, there was approximately \$142,000 and \$447,000 cash balances in excess of FDIC insurance limit, respectively. The Organization attempts to manage its credit risk with respect to cash by assessing the credit quality of the financial institutions.

Credit risk for unconditional promises to give receivables is concentrated as well because a significant portion of the Organization’s revenue and receivables are from contractual underwriting agreements with local businesses.

**Concentrations** - Approximately 29% and 20% of total support and revenue for the years ended September 30, 2018 and 2017, respectively, were from the Corporation for Public Broadcasting. Approximately 16% and 10% of total support and revenue for the years ended September 30, 2018 and 2017, respectively, were from appropriations from the State of Indiana. Approximately 11% of total support and revenue for the year ended September 30, 2017, was from a grant for the capital campaign.

**Advertising expense** - The Organization expenses advertising costs as incurred. Total advertising costs were \$3,379 and \$4,265 in 2018 and 2017, respectively.

**Subsequent Events** – Management has evaluated subsequent events through January 3, 2019, which was the date the financial statements were available to be issued.

**Reclassifications** – Certain reclassifications have been made to the 2017 financial statements to conform to the 2018 financial statement presentation. These reclassifications had no effect on the change in net assets.

**WNIN TRI-STATE PUBLIC MEDIA, INC.**  
**Notes to Financial Statements**  
**For the Years Ended September 30, 2018 and 2017**

**NOTE 2 – FAIR VALUE OF FINANCIAL INSTRUMENTS:**

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate fair value:

Cash and cash equivalents, receivables, accounts payable, accrued expenses, deferred revenue, and line of credit – carrying amount approximates fair value because of the short maturity of those instruments.

Notes payable – recorded value approximate fair value, as interest charged approximates market rates.

The fair value amounts are determined using three possible levels called inputs. Level one inputs are prices in active markets of identical assets. Level two inputs are significant other observable inputs and level three inputs are significant unobservable inputs. None of the fair values determined by the Organization were based on level three inputs.

Fair value of assets measured on a recurring basis at September 30, 2018 and 2017 are as follows:

	September 30, 2018		September 30, 2017	
	Fair Value (Level 1)	Fair Value (Level 2)	Fair Value (Level 1)	Fair Value (Level 2)
Board designated investments	\$ 519,390	\$ 00	\$ 507,745	\$ 00
Investment - Community Foundation	\$ 00	\$ 11,856	\$ 00	\$ 10,902

**NOTE 3 – CAPITAL CAMPAIGN:**

During the year ended September 30, 2016, the Organization began a \$3.9 million “Move to Main” capital campaign for the purpose of purchasing, remodeling, and moving into a new facility. During the year ended September 30, 2016, the new facility was purchased. During the year ended September 30, 2017, a substantial portion of the remodeling was completed. The Organization completed the move into the new facility by the end of the year ended September 30, 2018.

During the year ended September 30, 2017, the Organization utilized capital campaign pledges received combined with proceeds from a construction line of credit (line of \$1,402,500 maturing in September 2022) to pay off the note they had with the seller (with maturity date of December 2016) for the purchase of the building (see Note 8) and remodeling costs. See Note 4 for the campaign receivables.

**WNIN TRI-STATE PUBLIC MEDIA, INC.**  
**Notes to Financial Statements**  
**For the Years Ended September 30, 2018 and 2017**

**NOTE 4 – RECEIVABLES:**

Receivables consisted of the following:

	September 30,	
	2018	2017
Underwriting	\$ 115,168	\$ 97,565
Pledges	56,371	58,795
Less allowance for doubtful accounts	8,456	8,819
	47,915	49,976
Grants	135,039	323,413
Other receivables	2,049	15,346
	137,088	338,759
Total receivables	300,171	486,300
Capital campaign pledges	580,957	853,868
Less discount to net present value	18,291	32,868
Total capital campaign receivables	562,666	821,000
	\$ 862,837	\$ 1,307,300

Receivables over one year are recorded at the present value of the pledges using a discount rate that is between 0.66% and 1.55%:

	September 30, 2018		
	Unrestricted	Temporarily	
		Restricted	Total
Due within one year	\$ 252,255	\$ 47,916	\$ 300,171
Due within one to five years	580,957	00	580,957
	833,212	47,916	881,128
Less discount to net present value	18,291	00	18,291
	\$ 814,921	\$ 47,916	\$ 862,837

	September 30, 2017		
	Unrestricted	Temporarily	
		Restricted	Total
Due within one year	\$ 645,839	\$ 127,675	\$ 773,514
Due within one to five years	566,654	00	566,654
	1,212,493	127,675	1,340,168
Less discount to net present value	32,868	00	32,868
	\$ 1,179,625	\$ 127,675	\$ 1,307,300

**WNIN TRI-STATE PUBLIC MEDIA, INC.**  
**Notes to Financial Statements**  
**For the Years Ended September 30, 2018 and 2017**

**NOTE 5 – INVESTMENTS- BOARD DESIGNATED:**

Investments are presented in the financial statements, in the aggregate, at market value. The costs and fair market values of these investments at September 30, 2018 and 2017 are as follows:

	2018		2017	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	\$ 13,329	\$ 13,329	\$ 10,175	\$ 10,175
Marketable equity securities	344,518	378,142	296,228	331,346
Alternative investments	20,000	20,226	40,029	40,661
U.S. Government and corporate bonds	114,851	107,693	131,637	125,563
	<u>\$ 492,698</u>	<u>\$ 519,390</u>	<u>\$ 478,069</u>	<u>\$ 507,745</u>

The following schedule summarizes the investment return in the statement of activities for the years ended:

	September 30,	
	2018	2017
Investment income	\$ 19,176	\$ 12,140
Investment fees	(4,131)	(3,034)
Net realized and unrealized gains/(losses)	(3,400)	34,023
Total investment return	<u>\$ 11,645</u>	<u>\$ 43,129</u>

During the year ended September 30, 2017, the investment account was modified to allow margin capabilities. At September 30, 2018 and 2017, there was \$0 borrowed against the account. The line is collateralized by the assets in the investment account. Interest varies with the broker's prime rate, which was 5.25% and 4.25% at September 30, 2018 and 2017, respectively, and is payable monthly.

**WNIN TRI-STATE PUBLIC MEDIA, INC.**  
**Notes to Financial Statements**  
**For the Years Ended September 30, 2018 and 2017**

**NOTE 6 – PROPERTY AND EQUIPMENT:**

Property and equipment at September 30, 2018 and 2017 consisted of:

	<u>2018</u>	<u>2017</u>
Transmission line and accessories	\$ 104,386	\$ 104,386
Transmitter building	200,195	200,195
Transmission tower	1,065,783	1,065,783
Transmitters	2,311,089	2,307,214
TV/FM operating equipment	2,277,002	3,405,282
Furniture, fixtures and nonbroadcast equipment	274,084	371,464
Vehicles	16,975	16,975
Land improvements	5,390	5,390
Main Street building	<u>2,923,429</u>	<u>2,528,122</u>
Total depreciable assets	9,178,333	10,004,811
Less accumulated depreciation and amortization	<u>4,396,527</u>	<u>5,145,975</u>
Net depreciable assets	4,781,806	4,858,836
Land	<u>486,300</u>	<u>486,300</u>
	<u>\$ 5,268,106</u>	<u>\$ 5,345,136</u>

Effective September 30, 2017, the Carpenter Home building, related land, and microwave tower; and effective September 30, 2018 certain TV operating equipment is reclassified as “fixed assets held for sale” in the Statement of Financial Position.

**WNIN TRI-STATE PUBLIC MEDIA, INC.**  
**Notes to Financial Statements**  
**For the Years Ended September 30, 2018 and 2017**

**NOTE 7 – ASSETS RESTRICTED AS TO USE:**

The studio, broadcasting and digital equipment currently owned by the Organization was partially acquired through television and radio grants funded by the National Telecommunications and Information Administration (NTIA). Under the terms of these grants, the United States Department of Commerce has a lien on these assets for a 10-year period and during that 10-year period, the Organization must use these assets for designated purposes. The original cost of assets currently restricted is as follows:

	2018	2017
Asset donated by PBS October 1992 - TV satellite (restricted indefinitely without prior written approval from PBS)	\$ 65,162	\$ 65,162
Assets purchased with NTIA - PTFP Grant No. 18-02-N06062 - TV production period 2007-2008 (restricted until March 31, 2018)	00	320,580
Assets purchased with CPB Digital Radio Conversion Fund Grant 11276 period 2007-2008 (restricted until November 24, 2018) - FM transmitter	105,000	105,000
Assets purchased with U.S. Department of Commerce NTIA-PTFP Grant No. 18-02-N09109 - Backup Generator period 2009-2010 (restricted until December 31, 2020)	176,258	176,258
	\$ 346,420	\$ 667,000

**NOTE 8 – NOTES PAYABLE:**

**Line of credit** - The Organization has a \$200,000 revolving bank line of credit expiring in March 2019. At September 30, 2018 and 2017, there was \$0 borrowed against this line. The line is collateralized by substantially all of the Organization's assets. Interest varies with the bank's prime rate plus 0.7%, which was 5.95% and 4.95% on September 30, 2018 and 2017, respectively, and is payable monthly.



**WNIN TRI-STATE PUBLIC MEDIA, INC.**  
**Notes to Financial Statements**  
**For the Years Ended September 30, 2018 and 2017**

**NOTE 8 – NOTES PAYABLE (continued):**

Notes payable are as follows:

Payee	Interest Rate	Due Date	At December 31,	
			2018	2017
Financial institution	3.50%	2022	1,282,397	1,269,244
Less current maturities			(123,904)	(127,320)
Long-term debt			<u>\$ 1,158,493</u>	<u>\$ 1,141,924</u>

The debt to the financial institution is collateralized by the Main Street building.

Long-term debt matures as follows:

2020	\$ 128,311
2021	132,874
2022	897,308
	<u>\$ 1,158,493</u>

During the year ended September 30, 2016, the Organization signed a \$1.6 million note payable (with maturity date of December 2016) for the purchase of a new facility.

During the year ended September 30, 2017, \$500,000 of the note balance payable to an individual was donated to the Organization by the seller, \$751,608 was paid by the Organization on the due date, and the balance of \$348,392 was financed with a draw on a construction loan with a financial institution. The construction loan has a maximum principal amount of \$1,402,500, interest rate of 3.5%, interest-only payments for the first nine months, \$13,901 monthly payments thereafter, and maturing in 2022. The note is collateralized by the Main Street building.

**NOTE 9 – NET ASSETS:**

**Board Designated Net Assets** – Net assets that have been reserved by the Board for certain purposes. Board designated net assets consisted of the following:

	2018	2017
To be determined in the future	\$ 1,019,314	\$ 1,007,669
Building purchase	186,125	186,125
	<u>\$ 1,205,439</u>	<u>\$ 1,193,794</u>

**WNIN TRI-STATE PUBLIC MEDIA, INC.**  
**Notes to Financial Statements**  
**For the Years Ended September 30, 2018 and 2017**

**NOTE 9 – NET ASSETS:**

**Temporarily Restricted Net Assets** - Temporarily restricted net assets consist of pledges receivable, which are included in receivables in the statements of financial position and are due in one year. Also included are contributions received that have not been spent on activities specified by the donor. These amounts at September 30, 2018 and 2017 were:

	<u>2018</u>	<u>2017</u>
Restricted for future periods:		
Pledges receivable - periods after September 30	\$ 50,881	\$ 53,075
Restricted for purpose:		
Master control	00	93,750
Evelyn Schultz estate	2,167	3,048
Semper Fulgens event	3,834	3,835
	<u>\$ 56,882</u>	<u>\$ 153,708</u>

**Net Assets Released from Restrictions** - Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2018</u>	<u>2017</u>
Net Assets Released from Restrictions:		
Capital campaign	\$ 00	\$ 554,653
Master control	93,750	00
Evelyn Schultz estate	881	650
Pledges receivable	52,675	60,334
	<u>\$ 147,306</u>	<u>\$ 615,637</u>

**Permanently Restricted Net Assets** – Net assets restricted include funds restricted by donors to be held permanently. Distributions received from the funds are recorded as unrestricted earnings. The permanently restricted net assets consist of the money in the Community Foundation.

Permanently restricted net assets also include funds that the Organization (resource provider) has placed in an endowment fund with the Community Foundation Alliance (recipient organization) in which the Organization specified itself as the beneficiary. Variance power was granted to the recipient organization. Grants to be distributed are based on the recipient organization’s spending policy.

Permanently restricted net assets related to this fund at September 30, 2018 and 2017 consist of the following:

	<u>2018</u>	<u>2017</u>
Investment - Community Foundation	\$ 11,856	\$ 10,902

**WNIN TRI-STATE PUBLIC MEDIA, INC.**  
**Notes to Financial Statements**  
**For the Years Ended September 30, 2018 and 2017**

**NOTE 10 – EMPLOYEE BENEFITS:**

The Organization provides a retirement annuity program for employees who meet certain length of service and age requirements. Vesting occurs over a 6-year period and includes hardship withdrawals and discretionary profit sharing. For the fiscal years 2018 and 2017, the Organization contributed a 2% match totaling \$15,065 and \$13,278, respectively.

**NOTE 11 – RELATED-PARTY TRANSACTIONS:**

WNIN's investments are managed by Hilliard Lyons. In 2017, a member of the Board of Directors was a Senior Vice President with Hilliard Lyons.

Other companies, including other board members, periodically provide in-kind services related to their business function.

**NOTE 12 – OPERATING LEASE REVENUES:**

The Organization leases tower space to other entities under operating leases with various terms. Future minimum rental income under these leases at September 30, 2018 was \$10,800 for 2019 and \$7,200 for 2020.

**WNIN TRI-STATE PUBLIC MEDIA, INC.**  
**Notes to Financial Statements**  
**For the Years Ended September 30, 2018 and 2017**

**NOTE 13 – SPECIAL EVENTS AND AUCTION:**

The following is a schedule of income and expenses from special events and the auction:

	For the year ended September 30,	
	2018	2017
Special Events		
Revenues		
Annual Gala, Kid's Fest, Major donor meet & greets, Create Fest, Legislator's reception	\$ 107,448	\$ 108,559
Expenses		
Printing, advertising, refreshments, prizes and other costs	65,530	62,344
	\$ 41,918	\$ 46,215
 Auction		
Revenue	\$ 85,078	\$ 102,100
Expenses		
Payroll, auction supplies, utilities, printing, merchandise and other costs	40,380	43,165
	\$ 44,698	\$ 58,935

**NOTE 14 – COMMITMENT:**

During the year ended September 30, 2016, the Organization entered into a seven year agreement for broadcasting operation services (including all necessary equipment) for \$125,000 annually. Amounts due are as follows:

For year ending September 30:	
2019	\$ 125,000
2020	125,000
2021	125,000
2022	125,000
2023	125,000
2024	93,750
	\$ 718,750

**WNIN TRI-STATE PUBLIC MEDIA, INC.**  
**Notes to Financial Statements**  
**For the Years Ended September 30, 2018 and 2017**

**NOTE 15 – INCOME TAXES:**

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization’s tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization’s Federal Forms 990 and 990T, and Indiana Forms NP-20 and IT-20NP are generally no longer subject to examination by taxing authorities for years before September 30, 2015.

**NOTE 16 - RECONCILIATION OF NET INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:**

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities		
Change in net assets	\$ (574,256)	\$ 1,529,632
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	411,966	407,004
Unrealized (gain) loss on investments	2,983	(34,023)
Realized (gain) loss on investments	417	00
(Gain) loss on disposed assets	5,259	00
Fixed asset impairment loss	68,706	00
Donated assets received	(2,000)	(7,673)
Capital campaign contributions	(83,107)	(1,335,067)
Contributed debt relief	00	(500,000)
(Increase) decrease in operating assets:		
Accounts receivable	186,129	(72,469)
Prepaid expenses	36,130	(84,234)
Program licenses	6,851	(1,187)
Increase (decrease) in operating liabilities:		
Accounts payable	(256,915)	260,132
Accrued payroll expenses	4,793	(3,850)
Program license payable	(9,136)	1,583
Deferred revenue	29,383	4,577
Net Cash Flows Provided By (Used In) Operating Activities	<u>\$ (172,797)</u>	<u>\$ 164,425</u>

**SUPPLEMENTARY INFORMATION**

**WNIN TRI-STATE PUBLIC MEDIA, INC.**  
**Schedules of Activities by Segment**  
**For the Years Ended September 30, 2018 and 2017**

	2018				2017			
	Television	Radio	Capital	Total	Television	Radio	Capital	Total
<b>Revenues, Gains, and Other Support</b>								
CPB grants	\$ 688,644	\$ 100,379	\$ 00	\$ 789,023	\$ 847,811	\$ 88,872	\$ 00	\$ 936,683
Membership and major gifts	283,437	259,968	00	543,405	268,551	266,879	00	535,430
Underwriting/corporate support	35,429	164,931	00	200,360	61,760	154,542	00	216,302
Trade underwriting	29,898	42,990	00	72,888	34,490	36,360	00	70,850
In-kind contributions	7,348	376,100	00	383,448	11,183	187,200	00	198,383
Special events	41,767	00	00	41,767	46,215	00	00	46,215
Auction	44,698	00	00	44,698	58,935	00	00	58,935
Program revenue								
State appropriations	369,985	56,583	00	426,568	369,985	56,583	00	426,568
Production	13,060	47,818	00	60,878	22,299	51,472	00	73,771
Local revenue	1,972	3,000	00	4,972	28,338	00	00	28,338
Theater	4,535	00	00	4,535	00	00	00	00
Other revenues								
Grants	20,569	00	00	20,569	14,045	00	00	14,045
Investment return	9,316	2,329	00	11,645	34,503	8,626	00	43,129
Miscellaneous revenues	24,864	1,218	631	26,713	29,746	1,533	693	31,972
Fixed asset impairment loss	(68,706)	00	00	(68,706)	00	00	00	00
Capital campaign donations	00	00	83,107	83,107	00	00	1,335,067	1,335,067
Capital campaign in-kind donations	00	00	3,500	3,500	00	00	509,713	509,713
<b>Total Revenues, Gains, and Other Support</b>	<b>1,506,816</b>	<b>1,055,316</b>	<b>87,238</b>	<b>2,649,370</b>	<b>1,827,861</b>	<b>852,067</b>	<b>1,845,473</b>	<b>4,525,401</b>
<b>Expenses</b>								
Program services								
Programming and productions	1,134,901	947,560	00	2,082,461	1,227,953	715,737	00	1,943,690
Broadcasting	172,070	18,298	00	190,368	145,898	17,262	00	163,160
New media	28,480	00	00	28,480	18,794	00	00	18,794
Theater	5,626	00	00	5,626	00	00	00	00
General and administrative	333,522	43,747	110,147	487,416	309,516	31,682	90,539	431,737
Fund raising								
Membership and major gifts	252,760	11,713	00	264,473	232,887	9,321	00	242,208
Community engagement	19,621	00	00	19,621	16,899	00	00	16,899
Underwriting	106,125	00	00	106,125	120,670	00	00	120,670
Trade expenses	26,338	00	00	26,338	42,249	00	00	42,249
Capital campaign	00	00	12,718	12,718	00	00	16,362	16,362
<b>Total Expenses</b>	<b>2,079,443</b>	<b>1,021,318</b>	<b>122,865</b>	<b>3,223,626</b>	<b>2,114,866</b>	<b>774,002</b>	<b>106,901</b>	<b>2,995,769</b>
<b>Change in Net Assets</b>	<b><u>\$(572,627)</u></b>	<b><u>\$ 33,998</u></b>	<b><u>\$ (35,627)</u></b>	<b><u>\$(574,256)</u></b>	<b><u>\$(287,005)</u></b>	<b><u>\$ 78,065</u></b>	<b><u>\$ 1,738,572</u></b>	<b><u>\$ 1,529,632</u></b>