

Financial Statements

**FORT WAYNE PUBLIC TELEVISION, INC.**

*Years ended September 30, 2021 and 2020  
with Independent Auditor's Report*

Fort Wayne Public Television, Inc.

Financial Statements

Years ended September 30, 2021 and 2020

**Contents**

Independent Auditor's Report.....	1
Financial Statements	
Statements of Financial Position.....	3
Statements of Activities and Changes in Net Assets .....	4
Statements of Functional Expenses .....	5
Statements of Cash Flows.....	7
Notes to Financial Statements.....	8



## Independent Auditor's Report

The Board of Directors  
Fort Wayne Public Television, Inc.

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

We have audited the accompanying financial statements of Fort Wayne Public Television, Inc. which comprise the statements of financial position as of September 30, 2021 and 2020 and the related statements of activities and changes in net assets, 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.

### **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 Fort Wayne Public Television, Inc. as of September 30, 2021 and 2020, 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.

*Haines, Lumborgu & Skiba, LLC*

October 20, 2021

Fort Wayne Public Television, Inc.

Statements of Financial Position

	<b>September 30</b>	
	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,443,707	\$ 1,147,070
Accounts receivable, less allowance of \$1,500 in 2021 and 2020	124,770	62,051
Grants and contributions receivable	155,032	101,914
Prepaid expenses	86,611	133,361
Total current assets	<u>1,810,120</u>	<u>1,444,396</u>
Property and equipment:		
Land	19,073	19,073
Buildings and improvements	3,751,221	3,751,221
Tower, transmitters and other equipment	6,004,259	6,360,877
Office equipment	424,462	521,772
Vehicles	77,213	36,763
	<u>10,276,228</u>	<u>10,689,706</u>
Less accumulated depreciation	7,226,149	7,491,201
	<u>3,050,079</u>	<u>3,198,505</u>
Investments	99,452	-
Beneficial interest in funds held by the Community Foundation of Greater Fort Wayne Inc.	24,230	18,303
Total assets	<u>\$ 4,983,881</u>	<u>\$ 4,661,204</u>
<b>Liabilities and net assets</b>		
Current liabilities:		
Accounts payable	\$ 22,691	\$ 45,579
Accrued expenses	131,416	127,167
Refundable advance	-	233,500
Total current liabilities	<u>154,107</u>	<u>406,246</u>
Net assets:		
Without donor restriction:		
Undesignated	4,539,189	4,046,048
Board designated	193,943	167,268
	<u>4,733,132</u>	<u>4,213,316</u>
With donor restrictions	96,642	41,642
Total net assets	<u>4,829,774</u>	<u>4,254,958</u>
Total liabilities and net assets	<u>\$ 4,983,881</u>	<u>\$ 4,661,204</u>

See accompanying notes.

Fort Wayne Public Television, Inc.

Statements of Activities and Changes in Net Assets

	Year ended September 30					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Changes in net assets</b>						
Support, revenues and gains:						
Contributions	\$ 1,153,586	\$ 55,000	\$ 1,208,586	\$ 846,662	\$ -	\$ 846,662
Grants:						
Corporation for Public Broadcasting	1,287,395	-	1,287,395	1,002,525	-	1,002,525
Indiana Department of Education	390,788	-	390,788	340,561	-	340,561
Program and production revenue	439,278	-	439,278	502,421	-	502,421
Contributed goods and services	104,113	-	104,113	137,893	-	137,893
Tower and facility rent	217,533	-	217,533	212,860	-	212,860
TV broadcaster relocation reimbursement	37,073	-	37,073	3,235	-	3,235
Net investment return	(548)	-	(548)	-	-	-
Change in beneficial interest in funds held by the Community Foundation of Greater Fort Wayne Inc.	5,927	-	5,927	278	-	278
Other	33,479	-	33,479	22,347	-	22,347
Net assets released from restrictions	-	-	-	-	-	-
<b>Total support, revenues and gains</b>	<b>3,668,624</b>	<b>55,000</b>	<b>3,723,624</b>	<b>3,068,782</b>	<b>-</b>	<b>3,068,782</b>
Expenses:						
Program services:						
Broadcast	416,766	-	416,766	523,946	-	523,946
Production	564,846	-	564,846	685,402	-	685,402
Program information and outreach	112,374	-	112,374	123,165	-	123,165
Programming	890,263	-	890,263	863,937	-	863,937
Studio 39	89,932	-	89,932	64,898	-	64,898
<b>Total program expenses</b>	<b>2,074,181</b>	<b>-</b>	<b>2,074,181</b>	<b>2,261,348</b>	<b>-</b>	<b>2,261,348</b>
Support services:						
Fundraising and development	608,360	-	608,360	611,862	-	611,862
Management and general	466,267	-	466,267	474,905	-	474,905
<b>Total expenses</b>	<b>3,148,808</b>	<b>-</b>	<b>3,148,808</b>	<b>3,348,115</b>	<b>-</b>	<b>3,348,115</b>
<b>Increase (decrease) in net assets</b>	<b>519,816</b>	<b>55,000</b>	<b>574,816</b>	<b>(279,333)</b>	<b>-</b>	<b>(279,333)</b>
Net assets at beginning of year	4,213,316	41,642	4,254,958	4,492,649	41,642	4,534,291
<b>Net assets at end of year</b>	<b>\$ 4,733,132</b>	<b>\$ 96,642</b>	<b>\$ 4,829,774</b>	<b>\$ 4,213,316</b>	<b>\$ 41,642</b>	<b>\$ 4,254,958</b>

See accompanying notes.

Fort Wayne Public Television, Inc.

Statement of Functional Expenses

Year ended September 30, 2021

	Program Services						Support Services		
	Broadcast	Production	Program Information and Outreach Programming		Studio 39	Total Program Services	Fundraising and Development	Management and General	Total
<b>Personnel costs</b>									
Salaries and wages	\$ 77,457	\$ 263,086	\$ 52,714	\$ 167,372	\$ 25,203	\$ 585,832	\$ 294,035	\$ 229,241	\$ 1,109,108
Payroll taxes	5,036	17,817	3,719	12,550	1,827	40,949	29,445	15,935	86,329
Insurance—health/life/LTD	8,208	29,749	6,667	16,953	-	61,577	32,729	33,310	127,616
Commissions	-	16,520	-	37,531	12,635	66,686	7,559	-	74,245
Other	1,699	3,687	887	1,749	-	8,022	4,836	6,100	18,958
	<u>92,400</u>	<u>330,859</u>	<u>63,987</u>	<u>236,155</u>	<u>39,665</u>	<u>763,066</u>	<u>368,604</u>	<u>284,586</u>	<u>1,416,256</u>
<b>Development and fundraising</b>									
Premium supplies	-	-	-	-	-	-	42,157	-	42,157
Credit card processing fees	-	-	-	-	-	-	21,974	-	21,974
Member cards	-	-	-	-	-	-	4,910	-	4,910
Other	-	-	-	-	-	-	26,596	-	26,596
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,637</u>	<u>-</u>	<u>95,637</u>
<b>Facilities and equipment</b>									
Utilities	66,799	40,649	7,690	8,789	-	123,927	28,564	53,608	206,099
Leased land	6,718	20,712	3,919	4,478	-	35,827	14,555	5,598	55,980
Leased equipment	400	1,234	234	267	-	2,135	867	643	3,645
Maintenance	17,016	18,418	1,686	16,282	333	53,735	12,775	23,363	89,873
	<u>90,933</u>	<u>81,013</u>	<u>13,529</u>	<u>29,816</u>	<u>333</u>	<u>215,624</u>	<u>56,761</u>	<u>83,212</u>	<u>355,597</u>
<b>Production costs</b>	-	3,334	-	-	2,979	6,313	-	-	6,313
<b>Programming</b>									
PBS National Program Service	-	-	-	513,307	-	513,307	-	-	513,307
Programming—other syndication	-	-	-	42,784	-	42,784	-	-	42,784
	<u>-</u>	<u>-</u>	<u>-</u>	<u>556,091</u>	<u>-</u>	<u>556,091</u>	<u>-</u>	<u>-</u>	<u>556,091</u>
<b>Promotion and outreach</b>	-	-	13,988	-	-	13,988	17,236	-	31,224
<b>TV broadcaster relocation</b>	-	-	-	-	-	-	-	31,000	31,000
<b>General and administrative</b>									
Software maintenance/upgrades	13,300	47,739	581	18,898	799	81,317	20,019	5,749	107,085
Membership/dues/subscriptions	129	1,559	20	42,771	-	44,479	4,080	21,460	70,019
Liability insurance	-	-	-	-	-	-	-	9,983	9,983
Other	4,467	12,716	16,553	2,816	-	36,552	34,874	26,561	97,987
	<u>17,896</u>	<u>62,014</u>	<u>17,154</u>	<u>64,485</u>	<u>799</u>	<u>162,348</u>	<u>58,973</u>	<u>63,753</u>	<u>285,074</u>
Depreciation	215,537	87,626	3,716	3,716	46,156	356,751	11,149	3,716	371,616
Total expenses	<u>\$ 416,766</u>	<u>\$ 564,846</u>	<u>\$ 112,374</u>	<u>\$ 890,263</u>	<u>\$ 89,932</u>	<u>\$ 2,074,181</u>	<u>\$ 608,360</u>	<u>\$ 466,267</u>	<u>\$ 3,148,808</u>

See accompanying notes.

Fort Wayne Public Television, Inc.

Statement of Functional Expenses

Year ended September 30, 2020

	Program Services						Support Services		
	Broadcast	Production	Program Information and Outreach Programming		Studio 39	Total Program Services	Fundraising and Development	Management and General	Total
<b>Personnel costs</b>									
Salaries and wages	\$ 74,442	\$ 269,152	\$ 50,581	\$ 157,217	\$ 9,659	\$ 561,051	\$ 283,801	\$ 238,203	\$ 1,083,055
Payroll taxes	4,782	17,632	3,869	11,871	700	38,854	25,359	15,514	79,727
Insurance—health/life/LTD	11,871	29,836	260	12,629	(6)	54,590	40,562	39,361	134,513
Commissions	-	17,403	-	43,682	2,068	63,153	6,729	-	69,882
Other	2,125	4,672	2,324	1,370	-	10,491	326	7,980	18,797
	93,220	338,695	57,034	226,769	12,421	728,139	356,777	301,058	1,385,974
<b>Development and fundraising</b>									
Premium supplies	-	-	-	-	-	-	34,647	-	34,647
Credit card processing fees	-	-	-	-	-	-	19,063	-	19,063
Member cards	-	-	-	-	-	-	6,122	-	6,122
Other	-	-	-	-	-	-	52,388	-	52,388
	-	-	-	-	-	-	112,220	-	112,220
<b>Facilities and equipment</b>									
Utilities	69,535	37,183	7,035	8,039	-	121,792	26,129	57,456	205,377
Leased land	6,718	20,712	3,919	4,478	-	35,827	14,555	5,598	55,980
Leased equipment	460	1,852	268	307	-	2,887	996	383	4,266
Maintenance	21,055	25,297	2,756	3,044	2,491	54,643	11,371	34,320	100,334
	97,768	85,044	13,978	15,868	2,491	215,149	53,051	97,757	365,957
<b>Production costs</b>	-	6,559	-	-	3,707	10,266	-	-	10,266
<b>Programming</b>									
PBS National Program Service	-	-	-	517,582	-	517,582	-	-	517,582
Programming—other syndication	-	-	-	39,517	-	39,517	-	-	39,517
	-	-	-	557,099	-	557,099	-	-	557,099
<b>Promotion and outreach</b>	-	-	35,378	-	36	35,414	32,665	-	68,079
<b>TV broadcaster relocation</b>	-	-	-	-	-	-	-	3,385	3,385
<b>General and administrative</b>									
Software maintenance/upgrades	10,505	57,917	651	16,330	4,795	90,198	19,329	3,766	113,293
Membership/dues/subscriptions	20	453	25	44,761	-	45,259	400	20,225	65,884
Liability insurance	-	-	-	-	-	-	-	7,198	7,198
Other	2,194	7,356	14,487	1,278	(2,009)	23,306	31,474	39,036	93,816
	12,719	65,726	15,163	62,369	2,786	158,763	51,203	70,225	280,191
Depreciation	320,239	189,378	1,612	1,832	43,457	556,518	5,946	2,480	564,944
Total expenses	\$ 523,946	\$ 685,402	\$ 123,165	\$ 863,937	\$ 64,898	\$ 2,261,348	\$ 611,862	\$ 474,905	\$ 3,348,115

See accompanying notes.



Fort Wayne Public Television, Inc.

Statements of Cash Flows

	<b>Year ended September 30</b>	
	<b>2021</b>	<b>2020</b>
<b>Operating activities</b>		
Increase (decrease) in net assets	\$ 574,816	\$ (279,333)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	371,616	564,944
Net realized and unrealized loss on investments	548	-
Loss on disposal of property and equipment	3,042	-
Change in value of beneficial interest in funds held by the Community Foundation of Greater Fort Wayne Inc.	(5,927)	(278)
Changes in operating assets and liabilities:		
Accounts receivable	(62,719)	(156)
Prepaid expenses	46,750	2,055
Grants and contributions receivable	(53,118)	99,446
Accounts payable	(22,888)	(43,451)
Accrued expenses	4,249	24,015
Refundable advance	(233,500)	233,500
Net cash provided by operating activities	622,869	600,742
<b>Investing activities</b>		
Purchases of investments	(100,000)	-
Purchases of property and equipment	(226,232)	(25,460)
Net cash used in investing activities	(326,232)	(25,460)
<b>Financing activities</b>		
Borrowings on notes payable	-	30,000
Repayments of notes payable	-	(30,000)
Net cash used in financing activities	-	-
Increase in cash and cash equivalents	296,637	575,282
Cash and cash equivalents at beginning of year	1,147,070	571,788
Cash and cash equivalents at end of year	\$ 1,443,707	\$ 1,147,070
<b>Supplemental disclosures</b>		
Interest paid	\$ -	\$ 8,852
Income taxes paid	\$ -	\$ 3,258

*See accompanying notes.*

# Fort Wayne Public Television, Inc.

## Notes to Financial Statements

September 30, 2021

### 1. Organization

For 45 years, Fort Wayne Public Television, Inc. (PBS Fort Wayne) has been the only public television station in northeast Indiana and remains the only locally owned and operated full power television service in the region. Digital technology provides PBS Fort Wayne the ability to align its mission with programming across five broadcast channels that reach more than 800,000 persons in 11 northeast Indiana and three northwest Ohio counties. This highly rural area includes 6.8 percent of persons who live below the poverty level. To its varied audiences, PBS Fort Wayne is a free, over the air broadcast service, including closed captioning broadcasts for the hearing impaired, descriptive video service for the sight impaired and carriage of Allen County Public Library's Audio Reading service on a secondary audio channel of PBS Fort Wayne Explore (39-4).

In addition to the station's main High Definition channel (39-1), viewers can receive PBS Fort Wayne Kids (39-2), a 24-hour free service dedicated to quality, non-commercial, educational children's programming. Beyond broadcast, PBS Fort Wayne Kids streams live online for children and families to watch on a variety of devices over the free PBS Fort Wayne mobile app. PBS Fort Wayne Create (39-3) offers a national schedule of "How To..." and travel programs. PBS Fort Wayne Explore (39-4) airs local and Indiana-centric programs, international news, public affairs and the best of PBS Fort Wayne. PBS Fort Wayne WX (39.5) provides continuous near real-time (within 30-seconds) National Weather Service Doppler weather radar, weather warnings and NWS audio.

PBS Fort Wayne is a 501(c)(3), non-profit, tax-exempt organization chartered by the state of Indiana and licensed by the Federal Communications Commission (FCC) to operate as a non-commercial educational public television station. *PBS Fort Wayne engages our community through content and collaborations that educate, inform, inspire and entertain* (mission statement). *As a trusted community partner, PBS Fort Wayne will be a primary focal point for the advancement of arts and culture, history, education and quality of life in our community* (vision statement).

PBS Fort Wayne is organized as a community licensee and is governed by a 23-member board of directors. A 12-member community advisory board meets quarterly. PBS Fort Wayne is staffed by 19 full-time and 19 part-time employees. PBS Fort Wayne is a member of the Public Broadcasting Stations. Station information, videos and streaming are available through PBS Fort Wayne's website, [pbsfortwayne.org](http://pbsfortwayne.org).

PBS Fort Wayne is a community collaborator, partnering with area organizations to create new opportunities for sharing cultural performances and civic engagement experiences with regional audiences. Meeting the broad range of needs and interests of the community is the heart of PBS

## Fort Wayne Public Television, Inc.

### Notes to Financial Statements (continued)

#### **1. Organization (continued)**

PBS Fort Wayne is a community collaborator, partnering with area organizations to create new opportunities for sharing cultural performances and civic engagement experiences with regional audiences. Meeting the broad range of needs and interests of the community is the heart of PBS Fort Wayne's mission. Public service is achieved, and public trust is earned as PBS Fort Wayne continues to deliver significant programming and services and as the community values the station for its responsiveness and relevance.

The FCC completed its broadcast incentive auction during the year ended September 30, 2017, which repurposed broadcast airwaves for nationwide wireless mobile use. The FCC then began a process called "repacking" to move TV stations to new channels. Costs of the "repack" of \$37,073 and \$3,235 were paid and submitted for reimbursement during the years ended September 30, 2021 and 2020, respectively.

PBS Fort Wayne is exempt from federal income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code and qualifies for the charitable contributions deduction. PBS Fort Wayne has been classified as an organization that is not a private foundation under the provisions of Section 509(a)(1) of the Internal Revenue Code. PBS Fort Wayne is also exempt from state income taxes.

PBS Fort Wayne provides liabilities for uncertain income tax positions when a liability is probable and estimable. Management believes that it has appropriate support for any tax positions it has taken or expects to take and as such, does not have any uncertain tax positions that should be recognized, measured or disclosed in the financial statements. Management also believes PBS Fort Wayne is no longer subject to examination by tax authorities for years prior to September 30, 2018.

#### **2. Summary of Significant Accounting Policies**

##### **Cash and Cash Equivalents**

All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. All cash and cash equivalents are held at local financial institutions. PBS Fort Wayne periodically has cash and cash equivalents in excess of federally insured limits.

##### **Accounts Receivable**

Accounts receivable are stated at the amount billed to underwriters and other supporters. PBS Fort Wayne provides an allowance for doubtful accounts for estimated losses in the collection of accounts receivable which is based on an analysis of outstanding receivables, taking into

Fort Wayne Public Television, Inc.

Notes to Financial Statements (continued)

**2. Summary of Significant Accounting Policies (continued)**

**Accounts Receivable (continued)**

consideration the age of past due accounts, an assessment of the customer's ability to pay and historical collection information. When specific accounts are deemed uncollectible, in whole or in part, such amounts are removed from the accounts although collection efforts may continue.

**Costs Incurred for Programs Not Yet Broadcast**

Costs incurred for programs not yet broadcast relate to programs produced and purchased by PBS Fort Wayne that will be broadcast in subsequent periods. These costs are included in prepaid expenses and were \$20,514 and \$18,255 at September 30, 2021 and 2020, respectively.

**Property and Equipment**

Property and equipment are stated at cost or if donated, at fair market value at date of donation, except for property and equipment that have been impaired. For impaired assets, the carrying amount is reduced to the estimated fair market value. There were no impaired property or equipment assets as of September 30, 2021 or 2020. Items which cost \$1,000 or more and have a useful life of one year or more are capitalized. Depreciation is computed by the straight-line method over the following estimated useful lives:

Buildings and improvements	5 – 39 years
Tower, transmitters and other equipment	3 – 30 years
Office equipment	5 – 7 years
Vehicles	5 years

Expenses for normal repairs and maintenance are expensed as incurred.

**Investments**

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, PBS Fort Wayne's investments are reported at their fair values in the statements of financial position. Net investment return is reported in the statements of activities and changes in net assets and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investments expenses. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See *Note 4* for discussion of fair value measurements.

## Fort Wayne Public Television, Inc.

### Notes to Financial Statements (continued)

#### **2. Summary of Significant Accounting Policies (continued)**

##### **Investments (continued)**

Purchases and sales are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Capital gain distributions are included in dividend income.

Net realized and unrealized investment gains or losses are determined by comparison of asset cost, using the specific identification method, to net proceeds received at the time of sale and changes in the difference between market values and cost, respectively.

PBS Fort Wayne's investment portfolio consists of a diverse mix of investments, without concentration of risk by type, industry, or geographic area, which are managed by professional investment managers in compliance with the investment policy established by the Board of Directors. Investments are exposed to various risks, such as interest rate, market volatility and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of investments may occur in the near term and that such changes could materially affect account balances.

##### **Net Assets**

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions*—Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions*—Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been filled or both.

## Fort Wayne Public Television, Inc.

### Notes to Financial Statements (continued)

#### **2. Summary of Significant Accounting Policies (continued)**

##### **Net Assets (continued)**

Resources arising from the results of operations or assets set aside by the Board of Directors are not considered to be donor restricted. During the year ended September 30, 2016, the Board of Directors initiated a program to accumulate funds to be used for future information technology needs. These funds have been included in Board Designated net assets without donor restrictions on the statement of financial position.

##### **Contributions and Grants and Contributions Receivable**

Contributions, including grants, are recognized when cash, securities or other assets, an unconditional promise to give or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. PBS Fort Wayne received a Paycheck Protection Program loan from the Small Business Administration during the year ended September 30, 2020. As expected, the loan was fully forgiven in accordance with the terms of the Coronavirus Aid Relief and Economic Security Act, and PBS Fort Wayne has recorded contribution revenue of \$233,500 during the year ended September 30, 2021.

Grants and contributions receivable represent unconditional and legally enforceable promises to give and are recorded at the present value of future cash flows. PBS Fort Wayne uses the allowance method to determine uncollectible grants and contributions receivable. The allowance for uncollectible receivables is based on historical collection experience and management's analysis of specific receivables.

Contributions of assets other than cash are recorded at their fair market value. Contributions of services are recognized as revenue if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills and typically need to be purchased if not provided by donation.

During the years ended September 30, 2021 and 2020, the fair market value of contributed goods and services recognized as revenue and expense in the accompanying statements of activities and changes in net assets were \$104,113 and \$137,893, respectively.

## Fort Wayne Public Television, Inc.

### Notes to Financial Statements (continued)

#### **2. Summary of Significant Accounting Policies (continued)**

##### **Program and Production Revenue**

Revenue for program underwriting is recognized on a pro-rata basis over the period the programming is broadcast. Production revenue is measured based on consideration specified in a contract with a customer and excludes any sales incentives and amounts collected on behalf of third parties. PBS Fort Wayne recognizes production revenue when it satisfies a performance obligation. Performance obligations are generally satisfied over time, using an input model.

##### **Use of Estimates**

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

##### **Advertising Expenses**

Advertising costs are charged to operations when incurred. Advertising costs were \$5,756 and \$17,932 for the years ended September 30, 2021 and 2020, respectively.

##### **Concentration of Credit Risk**

PBS Fort Wayne's major sources of recurring operating revenue are the Corporation for Public Broadcasting and the Indiana Department of Education. Revenue from the Corporation for Public Broadcasting was 35 percent and 33 percent of revenue during the years ended September 30, 2021 and 2020, respectively. Revenue from the Indiana Department of Education was 10 percent of revenue and 11 percent of revenue during the years ended September 30, 2021 and 2020, respectively. Other significant sources of revenue include foundations and individual viewers.

##### **Functional Expenses**

The cost of providing the program and other activities has been summarized on a functional basis in the accompanying statements of activities and changes in net assets. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include facilities and depreciation, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, office and other expenses, which are allocated on the basis of estimates of time and effort.

Fort Wayne Public Television, Inc.

Notes to Financial Statements (continued)

**2. Summary of Significant Accounting Policies (continued)**

**Recently Issued Accounting Pronouncements**

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, to require a lessee to recognize a right-of-use asset and a lease liability for both operating and finance leases, whereas previous U.S. GAAP require the asset and liability be recognized only for capital leases. The amendment also requires qualitative and specific quantitative disclosures. ASU 2016-02 is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, with early adoption permitted. PBS Fort Wayne is evaluating the guidance of ASU 2016-02 and the impact that the adoption of this update will have on the presentation of its financial statements.

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 clarifies the presentation and disclosure of contributed nonfinancial assets, including land, buildings and other items. This standard is intended to enhance the presentation and disclosures of these items; however, the recognition and measurement requirements for these nonfinancial assets remain unchanged in Accounting Standards Codification (ASC) 958-605. ASU 2020-07 is effective for PBS Fort Wayne periods beginning after June 15, 2021 and should be applied on a retrospective basis. Management is currently evaluating the effect of the pending adoption of the new standard on its financial statements.



Fort Wayne Public Television, Inc.

Notes to Financial Statements (continued)

**3. Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<b>September 30</b>	
	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	<b>\$ 1,443,707</b>	\$1,147,070
Accounts receivable	<b>124,770</b>	62,051
Grants and contributions receivable	<b>155,032</b>	101,914
Investments	<b>99,452</b>	-
Beneficial interest in funds held by the Community Foundation of Greater Fort Wayne Inc.	<b>24,230</b>	18,303
Financial assets at year-end	<b>1,847,191</b>	1,329,338
Less board-designated funds for future technology needs	<b>(193,943)</b>	(167,268)
Less donor-imposed restrictions and board-designated funds for endowment	<b>(24,230)</b>	(18,303)
Less donor-imposed restrictions for specific purposes	<b>(83,015)</b>	(28,015)
Financial assets available to meet general expenditure within one year	<b>\$ 1,546,003</b>	\$1,115,752

PBS Fort Wayne manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that obligations will be discharged. As part of PBS Fort Wayne’s liquidity management plan, excess cash is invested in short-term investments, including certificates of deposit.

PBS Fort Wayne receives grants from the Corporation for Public Broadcasting and the Indiana Department of Education, contributions from donors, program and production revenue and rental income which are available to help meet its cash needs for general expenditures.

Additionally, PBS Fort Wayne has a line of credit of \$200,000 available to meet short-term needs. See *Note 7* for information about this arrangement.

## Fort Wayne Public Television, Inc.

### Notes to Financial Statements (continued)

#### 4. Fair Value Measurements

FASB Accounting Standards Codification (ASC) Topic 820 (ASC 820), *Fair Value Measurements and Disclosures*, established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

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

Level 2 Inputs to the valuation methodology include:

- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- 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;

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

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

The asset's or liability'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.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2021 and 2020.

*Money market fund:* Valued at quoted market prices in an exchange and active market, which represent the net asset values (NAV) of shares held by PBS Fort Wayne at year-end.

Fort Wayne Public Television, Inc.

Notes to Financial Statements (continued)

**4. Fair Value Measurements (continued)**

*Common stock:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Beneficial interest in funds held by community foundations:* Valued based upon PBS Fort Wayne's proportionate share of the community foundations' pooled investment portfolios, as reported by the community foundations at year-end.

The methods 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 PBS Fort Wayne 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.

The following table sets forth by level, within the fair value hierarchy, PBS Fort Wayne's investments at fair value as of September 30, 2021 and 2020:

	<b>Investments at Fair Value as of September 30, 2021</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Money market fund</b>	\$ 88,065	\$ -	\$ -	\$ 88,065
<b>Common stock</b>	11,387	-	-	11,387
Total investments at fair value	99,452	-	-	99,452
<b>Beneficial interest in funds held by community foundations</b>	-	24,230	-	24,230
Total assets at fair value	\$ 99,452	\$ 24,230	\$ -	\$ 123,682

	<b>Investments at Fair Value as of September 30, 2020</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Beneficial interest in funds held by community foundations</b>	\$ -	\$ 18,303	\$ -	\$ 18,303
Total assets at fair value	\$ -	\$ 18,303	\$ -	\$ 18,303

## Fort Wayne Public Television, Inc.

### Notes to Financial Statements (continued)

#### **5. Beneficial Interest in Funds Held by the Community Foundation of Greater Fort Wayne Inc.**

The beneficial interest in the funds held and invested by the Community Foundation of Greater Fort Wayne Inc. (Community Foundation) of \$24,230 and \$18,303 at September 30, 2021 and 2020, respectively, is the result of an agreement whereby PBS Fort Wayne has transferred assets to the Community Foundation and has specified itself as the beneficiary of the assets. The beneficial interest in funds held by the Community Foundation is valued at the fair market value of the underlying investments as reported by the Community Foundation at year-end.

Additionally, the Community Foundation holds investment assets with a value of \$26,315 and \$19,021 at September 30, 2021 and 2020, respectively, for the benefit of PBS Fort Wayne. PBS Fort Wayne is precluded from recognizing these assets held by the Community Foundation because the donors explicitly granted variance power to the Community Foundation. Accordingly, PBS Fort Wayne only recognizes annual grants by the Community Foundation from these funds as contributions.

#### **6. Endowment Funds**

ASC 958, *Not-for-Profit Entities*, requires certain net asset classification changes for institutional endowment funds under Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Indiana General Assembly has adopted UPMIFA. PBS Fort Wayne may hold donor restricted endowment funds where the gift instrument clearly stipulates that it is not to spend the principal or some other portion of the gift, in which case such gift instrument will supersede PBS Fort Wayne's ability to spend the whole fund. PBS Fort Wayne's endowment consists of an individual donor-restricted endowment fund.

##### **Endowment**

PBS Fort Wayne has interpreted the Indiana UPMIFA as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At September 30 2021 and 2020, there were no such donor stipulations. As a result of this interpretation, PBS Fort Wayne retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added.

Fort Wayne Public Television, Inc.

Notes to Financial Statements (continued)

**6. Endowment Funds (continued)**

**Endowment (continued)**

Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by PBS Fort Wayne in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, PBS Fort Wayne 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 PBS Fort Wayne 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 (depreciation) of investments.
- Other resources of PBS Fort Wayne.
- The investment policies of PBS Fort Wayne.

Endowment net asset composition by type of fund as of September 30, 2021 is as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment funds	\$ 10,603	\$ 13,627	\$ 24,230

Changes in endowment net assets for the year ended September 30, 2021 is as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment funds at beginning of year	\$ 4,676	\$ 13,627	\$ 18,303
Net investment return	5,927	-	5,927
Endowment funds at end of year	\$ 10,603	\$ 13,627	\$ 24,230

Fort Wayne Public Television, Inc.

Notes to Financial Statements (continued)

**6. Endowment Funds (continued)**

**Endowment (continued)**

Endowment net asset composition by type of fund as of September 30, 2020 is as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment funds	\$ 4,676	\$ 13,627	\$ 18,303

Changes in endowment net assets for the year ended September 30, 2020 is as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment funds at beginning of year	\$ 4,398	\$ 13,627	\$ 18,025
Net investment return	278	-	278
Endowment funds at end of year	\$ 4,676	\$ 13,627	\$ 18,303

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). PBS Fort Wayne has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At September 30, 2021 and 2020, there were no deficiencies in donor restricted endowment funds.

**Investment and Spending Policies**

PBS Fort Wayne has adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy and to cover the costs of managing the Endowment investments. The target minimum rate of return is the Consumer Price Index plus 5 percent on an annual basis. Actual returns in any given year may vary from this amount. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-

Fort Wayne Public Television, Inc.

Notes to Financial Statements (continued)

**6. Endowment Funds (continued)**

**Investment and Spending Policies (continued)**

return through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time.

PBS Fort Wayne uses an endowment spending-rate formula to determine the maximum amount to spend from the Endowment, including those endowments deemed to be underwater, each year. The rate is determined and adjusted from time to time by the Board of Directors. In establishing this policy, PBS Fort Wayne considered the long-term expected return on the Endowment and set the rate with the objective of maintaining the purchasing power of the Endowment over time.

**7. Debt Arrangements**

Pursuant to a line of credit arrangement with a bank, PBS Fort Wayne may borrow up to \$200,000, subject to certain terms and conditions. The line of credit arrangement expires on April 1, 2022. Interest is payable monthly at the bank's prime rate plus 0.75 percent (4.0 percent at September 30, 2021). There were no borrowings pursuant to this line of credit arrangement at September 30, 2021 and 2020.

Pursuant to a second revolving line of credit arrangement with a bank, PBS Fort Wayne may borrow up to \$500,000, subject to certain terms and conditions. The line of credit arrangement expires on April 1, 2022. Interest is payable monthly at the bank's prime rate plus 0.75 percent (4.0 percent at September 30, 2021). There were no borrowings pursuant to this line of credit arrangement at September 30, 2021 and 2020.

Substantially all of PBS Fort Wayne's receivables, equipment and certain other assets are pledged as collateral pursuant to the terms of the loan agreements.

Fort Wayne Public Television, Inc.

Notes to Financial Statements (continued)

**8. Net Assets**

Net assets with donor restrictions are restricted for the following purposes or periods:

	<b>September 30</b>	
	<b>2021</b>	<b>2020</b>
Subject to expenditure for specified purpose:		
Empowering Community Connections	\$ 28,015	\$ 28,015
Collaboration with Fort Wayne Ballet	55,000	-
	<u>83,015</u>	<u>28,015</u>
Subject to PBS Fort Wayne endowment spending policy and appropriation—Any activity of PBS Fort Wayne	 13,627	 13,627
	<u>\$ 96,642</u>	<u>\$ 41,642</u>

**9. Employee Benefit Plan**

PBS Fort Wayne maintains a defined contribution benefit plan for the benefit of eligible employees. The plan allows for discretionary employer matching contributions. PBS Fort Wayne's contributions to the plan were \$11,384 and \$5,260 for the year ended September 30, 2021 and 2020, respectively.

**10. Leases**

PBS Fort Wayne leases land on the campus of Purdue University Fort Wayne pursuant to an operating lease which expires on October 1, 2051. Pursuant to the lease agreement, annual rent is \$1. The fair market value of the lease was \$55,980 for the years ended September 30, 2021 and 2020, respectively and was recorded as contributed goods and services. PBS Fort Wayne leases office equipment pursuant to an operating lease that expires in 2026. Total lease expense was \$59,625 and \$60,246 for the years ended September 30, 2021 and 2020, respectively.

Future minimum lease payments as of September 30, 2021 pursuant to operating leases that have initial or remaining noncancelable terms in excess of one year are as follows:



Fort Wayne Public Television, Inc.

Notes to Financial Statements (continued)

**10. Leases (continued)**

Year ended September 30, 2022	\$	6,012
Year ended September 30, 2023		6,012
Year ended September 30, 2024		6,012
Year ended September 30, 2025		6,012
Year ended September 30, 2026		6,012
	\$	<u>30,060</u>

**11. Facility and Tower Leases**

PBS Fort Wayne leases space on its tower and in its former facility pursuant to operating leases which expire at various dates in 2021 through 2032. Future minimum lease receipts as of September 30, 2021 pursuant to operating leases that have initial or remaining noncancelable terms in excess of one year are as follows:

Year ended September 30, 2022	\$	162,239
Year ended September 30, 2023		102,048
Year ended September 30, 2024		19,347
Year ended September 30, 2025		19,347
Year ended September 30, 2026		19,347
Thereafter		109,631
Total minimum payments	\$	<u>431,959</u>

**12. Related Party Transactions**

Certain members of the Board of Directors are employed by companies that provide services to PBS Fort Wayne. The fees paid to these companies were based on customary and reasonable rates for such services.

**12. Subsequent Events**

Management has evaluated subsequent events through October 20, 2021, the date on which the financial statements were available to be issued.