

Financial Statements

FORT WAYNE PUBLIC TELEVISION, INC.

*Years ended September 30, 2015 and 2014
with Independent Auditor's Report*

Fort Wayne Public Television, Inc.

Financial Statements

Years ended September 30, 2015 and 2014

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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 statement of financial position as of September 30, 2015 and 2014 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, 2015 and 2014, and the results of their operations, changes in their net assets, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Haines, Asenbarger & Skiba, LLC

November 13, 2015

Fort Wayne Public Television, Inc.

Statements of Financial Position

	September 30	
	2015	2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 661,758	\$ 896,817
Accounts receivable, less allowance of \$5,000 in 2015 and \$500 in 2014	76,126	91,299
Current portion of grants and contributions receivable	372,775	633,804
Prepaid expenses	80,311	82,747
Total current assets	1,190,970	1,704,667
Property and equipment:		
Land	37,497	37,497
Buildings and improvements	3,740,111	3,740,111
Tower, transmitters and other equipment	5,187,613	4,349,020
Office equipment	445,538	435,402
Vehicles	36,551	36,551
	9,447,310	8,598,581
Less accumulated depreciation	5,161,167	5,392,355
	4,286,143	3,206,226
Grants and contributions receivable, less current portion	317,653	665,267
Beneficial interest in funds held by the Community Foundation of Greater Fort Wayne Inc.	14,349	15,414
Total assets	\$ 5,809,115	\$ 5,591,574
Liabilities and net assets		
Current liabilities:		
Current portion of long-term debt	\$ 309,700	\$ 47,389
Current portion of capital lease payable	4,529	4,182
Accounts payable	30,432	50,522
Accrued expenses	99,815	110,885
Deferred contract revenue	21,809	25,687
Total current liabilities	466,285	238,665
Long-term debt, less current portion	197,538	14,716
Capital lease payable, less current portion	13,610	18,176
Total liabilities	677,433	271,557
Net assets:		
Unrestricted	4,868,368	3,529,187
Temporarily restricted	249,687	1,777,203
Permanently restricted	13,627	13,627
Total net assets	5,131,682	5,320,017
Total liabilities and net assets	\$ 5,809,115	\$ 5,591,574

See accompanying notes.

Fort Wayne Public Television, Inc.

Statements of Activities and Changes in Net Assets

	Year ended September 30							
	2015				2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Changes in net assets								
Support, revenues and gains:								
Contributions	\$ 716,069	\$ 30,000	\$ -	\$ 746,069	\$ 689,056	\$ 26,850	\$ 13,627	\$ 729,533
Grants:								
Corporation for Public Broadcasting	777,750	-	-	777,750	723,040	-	-	723,040
Indiana Department of Education	388,968	-	-	388,968	320,892	-	-	320,892
Empowering Community Connections	-	118,376	-	118,376	-	1,483,000	-	1,483,000
Program and production revenue	435,431	-	-	435,431	397,368	-	-	397,368
Contributed goods and services	116,985	-	-	116,985	150,212	-	-	150,212
Tower and facility rent	191,698	-	-	191,698	217,708	-	-	217,708
Change in beneficial interest in funds held by the								
Community Foundation of Greater Fort Wayne Inc.	(1,065)	-	-	(1,065)	1,787	-	-	1,787
Other	8,529	-	-	8,529	90,326	-	-	90,326
Net assets released from restrictions	1,675,892	(1,675,892)	-	-	734,044	(734,044)	-	-
Total support, revenues and gains	4,310,257	(1,527,516)	-	2,782,741	3,324,433	775,806	13,627	4,113,866
Expenses:								
Program services:								
Broadcast	640,291	-	-	640,291	516,270	-	-	516,270
Production	589,829	-	-	589,829	473,061	-	-	473,061
Program information and outreach	90,241	-	-	90,241	129,580	-	-	129,580
Programming	801,081	-	-	801,081	699,134	-	-	699,134
Studio 39	13,500	-	-	13,500	7,362	-	-	7,362
Total program expenses	2,134,942	-	-	2,134,942	1,825,407	-	-	1,825,407
Fundraising and development	490,505	-	-	490,505	522,367	-	-	522,367
Management and general	345,629	-	-	345,629	371,836	-	-	371,836
Total expenses	2,971,076	-	-	2,971,076	2,719,610	-	-	2,719,610
Increase (decrease) in net assets	1,339,181	(1,527,516)	-	(188,335)	604,823	775,806	13,627	1,394,256
Net assets at beginning of year	3,529,187	1,777,203	13,627	5,320,017	2,924,364	1,001,397	-	3,925,761
Net assets at end of year	\$ 4,868,368	\$ 249,687	\$ 13,627	\$ 5,131,682	\$ 3,529,187	\$ 1,777,203	\$ 13,627	\$ 5,320,017

See accompanying notes.

Fort Wayne Public Television, Inc.

Statement of Functional Expenses

Year ended September 30, 2015

	Program Services					Total Program Services	Support Services		
	Broadcast	Production	Program Information and Outreach	Programming	Studio 39		Fundraising and Development	Management and General	Total
Personnel costs									
Salaries and wages	\$ 127,628	\$ 254,080	\$ 46,247	\$ 73,944	\$ -	\$ 501,899	\$ 188,751	\$ 196,475	\$ 887,125
Payroll taxes	8,439	16,954	3,379	5,536	-	34,308	17,761	15,375	67,444
Insurance—health/life/LTD	9,652	24,259	387	10,864	-	45,162	19,705	15,579	80,446
Commissions	-	14,098	-	36,154	6,060	56,312	4,556	-	60,868
Other	1,055	2,925	1,219	3,185	-	8,384	7,409	5,221	21,014
	<u>146,774</u>	<u>312,316</u>	<u>51,232</u>	<u>129,683</u>	<u>6,060</u>	<u>646,065</u>	<u>238,182</u>	<u>232,650</u>	<u>1,116,897</u>
Development and fundraising									
Premium supplies	-	-	-	-	-	-	62,197	-	62,197
Credit card processing fees	-	-	-	-	-	-	6,468	-	6,468
Member cards	-	-	-	-	-	-	27,145	-	27,145
Other	-	-	-	-	-	-	36,530	-	36,530
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>132,340</u>	<u>-</u>	<u>132,340</u>
Facilities and equipment									
Utilities	43,090	31,617	5,467	6,776	130	87,080	20,803	6,314	114,197
Mortgage note interest	182	578	100	123	-	983	381	145	1,509
Leased land	5,763	18,347	3,165	3,919	-	31,194	12,085	4,601	47,880
Leased equipment	347	1,061	305	232	-	1,945	1,321	466	3,732
Maintenance	86,188	27,709	6,179	5,319	291	125,686	20,171	8,492	154,349
Other	42,359	7,247	897	998	-	51,501	3,370	1,291	56,162
	<u>177,929</u>	<u>86,559</u>	<u>16,113</u>	<u>17,367</u>	<u>421</u>	<u>298,389</u>	<u>58,131</u>	<u>21,309</u>	<u>377,829</u>
Production costs	-	7,472	-	-	1,770	9,242	-	-	9,242
Programming									
PBS National Program Service	-	-	-	536,198	-	536,198	-	-	536,198
Programming—other syndication	-	-	-	52,151	-	52,151	-	-	52,151
	<u>-</u>	<u>-</u>	<u>-</u>	<u>588,349</u>	<u>-</u>	<u>588,349</u>	<u>-</u>	<u>-</u>	<u>588,349</u>
Promotion and outreach	-	-	11,012	-	-	11,012	3,655	-	14,667
General and administrative									
Software maintenance/upgrades	20,211	9,899	602	9,610	34	40,356	24,396	2,495	67,247
Membership/dues/subscriptions	-	19	34	38,855	-	38,908	1,168	27,597	67,673
Liability insurance	288	917	158	196	-	1,559	604	8,465	10,628
Other	2,796	5,254	5,017	9,485	5,215	27,767	8,825	44,280	80,872
	<u>23,295</u>	<u>16,089</u>	<u>5,811</u>	<u>58,146</u>	<u>5,249</u>	<u>108,590</u>	<u>34,993</u>	<u>82,837</u>	<u>226,420</u>
Depreciation	292,293	167,393	6,073	7,536	-	473,295	23,204	8,833	505,332
Total expenses	<u>\$ 640,291</u>	<u>\$ 589,829</u>	<u>\$ 90,241</u>	<u>\$ 801,081</u>	<u>\$ 13,500</u>	<u>\$ 2,134,942</u>	<u>\$ 490,505</u>	<u>\$ 345,629</u>	<u>\$ 2,971,076</u>

See accompanying notes.

Fort Wayne Public Television, Inc.

Statement of Functional Expenses

Year ended September 30, 2014

	Program Services					Total Program Services	Support Services		
	Broadcast	Production	Program Information and Outreach	Programming	Studio 39		Fundraising and Development	Management and General	Total
Personnel costs									
Salaries and wages	\$ 140,463	\$ 264,862	\$ 49,147	\$ 76,944	\$ 146	\$ 531,562	\$ 192,099	\$ 205,316	\$ 928,977
Payroll taxes	9,938	19,063	4,167	5,390	(9)	38,549	19,422	16,896	74,867
Insurance—health/life/LTD	9,968	18,975	320	5,910	-	35,173	15,195	14,039	64,407
Commissions	-	32,162	520	29,285	3,845	65,812	7,582	-	73,394
Other	2,932	3,820	416	1,189	12	8,369	8,182	5,586	22,137
	163,301	338,882	54,570	118,718	3,994	679,465	242,480	241,837	1,163,782
Development and fundraising									
Premium supplies	-	-	-	-	-	-	75,350	-	75,350
Credit card processing fees	-	-	-	-	-	-	14,041	-	14,041
Member cards	-	-	-	-	-	-	14,579	-	14,579
Other	-	-	-	-	-	-	28,909	-	28,909
	-	-	-	-	-	-	132,879	-	132,879
Facilities and equipment									
Utilities	40,367	24,739	9,747	4,583	-	79,436	12,099	8,448	99,983
Mortgage note interest	1,291	4,090	1,614	753	-	7,748	1,937	1,087	10,772
Leased land	5,746	18,193	7,182	3,352	-	34,473	8,619	4,788	47,880
Leased equipment	36	19	841	17	1	914	2,150	437	3,501
Maintenance	41,457	24,190	11,706	6,876	11	84,240	21,107	9,856	115,203
Other	34,524	6,532	1,253	1,224	-	43,533	1,894	5,365	50,792
	123,421	77,763	32,343	16,805	12	250,344	47,806	29,981	328,131
Production costs	-	1,331	-	-	-	1,331	-	-	1,331
Programming									
PBS National Program Service	-	-	-	471,854	-	471,854	-	-	471,854
Programming—other syndication	-	-	-	40,700	-	40,700	-	-	40,700
	-	-	-	512,554	-	512,554	-	-	512,554
Promotion and outreach	-	-	14,465	-	-	14,465	17,060	-	31,525
General and administrative									
Software maintenance/upgrades	1,508	8,420	1,543	9,968	-	21,439	21,763	1,601	44,803
Membership/dues/subscriptions	-	45	-	25,779	-	25,824	795	38,798	65,417
Liability insurance	410	670	163	215	-	1,458	645	7,758	9,861
Other	9,883	5,764	13,283	8,775	3,356	41,061	40,160	41,770	122,991
	11,801	14,899	14,989	44,737	3,356	89,782	63,363	89,927	243,072
Depreciation	217,747	40,186	13,213	6,320	-	277,466	18,779	10,091	306,336
Total expenses	\$ 516,270	\$ 473,061	\$ 129,580	\$ 699,134	\$ 7,362	\$ 1,825,407	\$ 522,367	\$ 371,836	\$ 2,719,610

See accompanying notes.

Fort Wayne Public Television, Inc.

Statements of Cash Flows

	Year ended September 30	
	2015	2014
Operating activities		
Increase (decrease) in net assets	\$ (188,335)	\$ 1,394,256
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	505,332	306,336
(Gain) loss on sale of property and equipment	11,806	(4,449)
Change in value of beneficial interest in funds held by the Community Foundation of Greater Fort Wayne Inc.	1,065	(15,414)
Changes in operating assets and liabilities:		
Accounts receivable	15,173	58,444
Prepaid expenses	2,436	(19,276)
Grants and contributions receivable	608,643	(566,410)
Accounts payable	(20,090)	(92,079)
Accrued expenses	(11,070)	5,465
Deferred contract revenue	(3,878)	(99,953)
Net cash provided by operating activities	921,082	966,920
Investing activities		
Proceeds from sale of property and equipment	850	5,200
Purchases of property and equipment	(1,597,905)	(92,465)
Net cash used in investing activities	(1,597,055)	(87,265)
Financing activities		
Repayment of notes payable	-	(100,000)
Proceeds from the issuance of long-term debt	677,479	73,508
Repayment of long-term debt	(232,346)	(262,268)
Repayment of capital lease payable	(4,219)	(1,663)
Net cash provided by (used in) financing activities	440,914	(290,423)
Increase (decrease) in cash and cash equivalents	(235,059)	589,232
Cash and cash equivalents at beginning of year	896,817	307,585
Cash and cash equivalents at end of year	\$ 661,758	\$ 896,817
Interest paid	\$ 14,040	\$ 10,772
Non-cash capital lease obligation for new equipment	\$ -	\$ 24,021

See accompanying notes.

Fort Wayne Public Television, Inc.

Notes to Financial Statements

September 30, 2015

1. Organization and Summary of Significant Accounting Policies

The mission of Fort Wayne Public Television, Inc. (Station) is:

To provide high quality telecommunications services which enhance the quality of life in the communities we serve through educational, informational, cultural and entertaining programs and services.

The Station operates a non-commercial public television station known as PBS 39. It is an affiliated member of the nationwide network of public television stations known as the Public Broadcasting Service (PBS).

The Station is exempt from income taxes under Section 501(c)(3) of the United States Internal Revenue Code and qualifies for the 50 percent charitable deduction limitation. The Station has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code. Management believes the Station is no longer subject to examination by taxing authorities for years before September 30, 2012.

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. The Station 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. The Station 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 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 the Station that will be broadcast in subsequent periods. These costs are included in prepaid expenses and were \$16,702 and \$33,112 at September 30, 2015 and 2014, respectively.

Fort Wayne Public Television, Inc.

Notes to Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

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, 2015 or 2014. 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.

Net Assets

Net assets are allocated to and accounted for based upon the donor's intended purpose. Unrestricted net assets have no donor imposed restrictions placed upon them. The Station has received certain net assets for specific purposes or for later periods of time or after specified dates, and these amounts are reported as temporarily or permanently restricted net assets. Temporarily restricted net assets include amounts whose use is limited by donor imposed stipulations that can be met and removed by actions of the Station pursuant to those stipulations, occurrence of a stated event, or passage of a specified time period. When donor imposed restrictions are met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions. Permanently restricted net assets include amounts whose use is limited by donor imposed restrictions which stipulate that resources be maintained permanently but permit the Station to expend part or all of the income derived from the donated assets for either unrestricted or temporarily restricted purposes. Resources arising from the results of operations or assets set aside by the Board of Directors are not considered to be donor restricted.

Fort Wayne Public Television, Inc.

Notes to Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Contributions and Grants and Contributions Receivable

Contributions, including gifts, grants, bequests, pledges and other unconditional promises to give, without restrictions or stipulations are recorded as support (revenue) in the period received. Contributions are reported as temporarily restricted or permanently restricted support if they are received with donor imposed stipulations that limit their use. The Station'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 28 percent of revenue and 18 percent of revenue during the years ended September 30, 2015 and 2014, respectively. Revenue from the Indiana Department of Education was 14 percent of revenue and 8 percent of revenue during the years ended September 30, 2015 and 2014, respectively. Other significant sources of revenue include foundations and individual viewers.

The Station 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, 2015 and 2014, 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 \$116,985 and \$150,212, respectively.

Program and Production Revenue

Revenue for program underwriting is recognized on a pro-rata basis over the period the programming is broadcast. The Station utilizes the percentage-of-completion method of accounting for production revenue.

Fort Wayne Public Television, Inc.

Notes to Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

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 charged to operations were \$13,687 and \$25,043 for the years ended September 30, 2015 and 2014, respectively.

Functional Allocation of 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. Accordingly, certain costs have been allocated among the program and supporting services benefited.

2. Grants and Contributions Receivable

Unconditional promises to give to the Station are recorded as grants and contributions receivable at the present value of future cash flows. The present value discount rate used was 0.5 percent for the years ended September 30, 2015 and 2014. The Station's grants and contributions receivable are as follows:

Fort Wayne Public Television, Inc.

Notes to Financial Statements (continued)

2. Grants and Contributions Receivable (continued)

	September 30	
	2015	2014
Amounts due in:		
Less than one year	\$ 392,812	\$ 696,104
One to five years	320,000	670,940
Gross grants and contributions receivable	712,812	1,367,044
Less allowance	20,037	62,300
Less discount for present value	2,347	5,673
Net grants and contributions receivable	\$ 690,428	\$ 1,299,071

**3. 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 \$14,349 and \$15,414 at September 30, 2015 and 2014, respectively, is the result of an agreement whereby the Station 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 \$11,478 and \$10,562 at September 30, 2015 and 2014, respectively, for the benefit of the Station. The Station is precluded from recognizing these assets held by the Community Foundation because the donors explicitly granted variance power to the Community Foundation. Accordingly, the Station only recognizes annual grants by the Community Foundation from these funds as contributions.

4. 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.

Fort Wayne Public Television, Inc.

Notes to Financial Statements (continued)

4. Endowment Funds (continued)

The Station 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 the Station's ability to spend the whole fund. ASC 958 requires the classification of a portion of a donor restricted endowment fund of perpetual duration to be classified as permanently restricted.

The Station's endowment consists of an individual donor-restricted endowment fund. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the Station has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulation to the contrary. As a result of this interpretation, the Station classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the Station considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.
- The purposes of the Station 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 the Station.
- The investment policies of the Station.

Fort Wayne Public Television, Inc.

Notes to Financial Statements (continued)

4. Endowment Funds (continued)

Endowment net asset composition by type of fund as of September 30, 2015 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ 722	\$ -	\$ 13,627	\$ 14,349

Changes in endowment net assets for the year ended September 30, 2015 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at beginning of year	\$ 1,787	\$ -	\$ 13,627	\$ 15,414
Investment return:				
Investment income, net	281	-	-	281
Realized and unrealized loss on investments, net	(1,346)	-	-	(1,346)
Total investment return	(1,065)	-	-	(1,065)
Endowment net assets at end of year	\$ 722	\$ -	\$ 13,627	\$ 14,349

Endowment net asset composition by type of fund as of September 30, 2014 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ 1,787	\$ -	\$ 13,627	\$ 15,414

Fort Wayne Public Television, Inc.

Notes to Financial Statements (continued)

4. Endowment Funds (continued)

Changes in endowment net assets for the year ended September 30, 2014 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets at beginning of year	\$ -	\$ -	\$ -	\$ -
Contributions	-	-	13,627	13,627
Investment return:				
Investment income, net	532	-	-	532
Realized and unrealized gain on investments, net	1,255	-	-	1,255
Total investment return	1,787	-	-	1,787
Endowment net assets at end of year	<u>\$ 1,787</u>	<u>\$ -</u>	<u>\$ 13,627</u>	<u>\$ 15,414</u>

5. Debt Arrangements

Long-term debt consists of a term loan with quarterly payments of \$12,499, including principal and interest at 5.85 percent, due March 15, 2016. In addition, pursuant to an arrangement with a bank, the Station may borrow up to \$1,000,000, subject to certain terms and conditions. The arrangement expires on May 15, 2018. Interest is payable monthly at 4.0 percent, and principal is payable quarterly based on the receipt of pledges receivable. Borrowings pursuant to this arrangement were \$492,479 at September 30, 2015.

Maturities of long-term debt at September 30, 2015 are as follows:

Year ended September 30, 2016	\$ 309,700
Year ended September 30, 2017	167,500
Year ended September 30, 2018	30,038
	<u>\$ 507,238</u>

Pursuant to a revolving line of credit arrangement with a bank, the Station may borrow up to \$100,000, subject to certain terms and conditions. The line of credit arrangement expires on May 1, 2016. Interest is payable monthly at the bank's prime rate plus 0.75 percent but may not be lower than 4.75 percent (4.75 percent at September 30, 2015). There were no borrowings pursuant to this line of credit arrangement at September 30, 2015 and 2014.

Fort Wayne Public Television, Inc.

Notes to Financial Statements (continued)

5. Debt Arrangements (continued)

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

6. Net Assets

Temporarily restricted net assets are to be used for the following purposes:

	September 30	
	2015	2014
Empowering Community Connections	\$ 189,392	\$ 1,726,311
Other	60,295	50,892
	\$ 249,687	\$ 1,777,203

Temporarily restricted net assets released from donor restrictions of \$1,675,892 and \$734,044 for the years ended September 30, 2015 and 2014, respectively, were the result of incurring expenses or costs to satisfy the restricted purposes.

7. Employee Benefit Plan

The Station maintains a defined contribution benefit plan for the benefit of eligible employees. The plan allows for discretionary employer matching contributions. These contributions were discontinued in February 2009; therefore, the Station recorded no expense for the years ended September 30, 2015 and 2014.

8. Capital and Operating Leases

The Station leases land on the campus of Indiana University-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 \$47,880 for the years ended September 30, 2015 and 2014 and was recorded as contributed goods and services.

Fort Wayne Public Television, Inc.

Notes to Financial Statements (continued)

8. Capital and Operating Leases (continued)

The Station leases office equipment pursuant to an operating lease that expires in May 2017. Total lease expense was \$51,612 and \$51,381 for the years ended September 30, 2015 and 2014, respectively.

The Station leases a telephone system pursuant to a capital lease arrangement that expires on April 15, 2019. Assets included in property and equipment at September 30, 2015 consist of the following:

	September 30	
	2015	2014
Office equipment	\$ 22,381	\$ 22,381
Accumulated amortization	4,529	1,332
Net book value	\$ 17,852	\$ 21,049

Amortization expense was included in depreciation expense and was \$3,197 and \$1,332 for the years ended September 30, 2015 and 2014, respectively.

Future minimum lease payments as of September 30, 2015 pursuant to capital and operating leases that have initial or remaining noncancelable terms in excess of one year are as follows:

	Capital Leases	Operating Leases
Year ended September 30, 2016	\$ 5,823	\$ 1,938
Year ended September 30, 2017	5,823	1,130
Year ended September 30, 2018	5,823	-
Year ended September 30, 2019	3,563	-
Total minimum payments	21,032	\$ 3,068
Amount representing interest	2,893	
Capital lease obligations	18,239	
Less current portion	4,529	
	\$ 13,610	

Fort Wayne Public Television, Inc.

Notes to Financial Statements (continued)

9. Facility and Tower Leases

The Station leases space on its tower and in its former facility pursuant to operating leases which expire at various dates in 2015 through 2032. Future minimum lease receipts as of September 30, 2015 pursuant to operating leases that have initial or remaining noncancelable terms in excess of one year are as follows:

Year ended September 30, 2016	\$ 187,126
Year ended September 30, 2017	179,457
Year ended September 30, 2018	129,108
Year ended September 30, 2019	92,825
Year ended September 30, 2020	95,029
Thereafter	383,956
Total minimum payments	<u>\$ 1,067,501</u>

10. Related Party Transactions

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

11. Subsequent Events

Management has evaluated subsequent events through November 13, 2015, the date on which the financial statements were available to be issued.