

**EL PASO PUBLIC TELEVISION FOUNDATION, INC.**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
YEARS ENDED JUNE 30, 2017 AND 2016**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>FINANCIAL STATEMENTS</b>	
<b>Independent Auditor's Report</b>	<b>1 - 2</b>
<b>Statements of Financial Position</b>	<b>3</b>
<b>Statements of Activities</b>	<b>4</b>
<b>Statements of Cash Flows</b>	<b>5</b>
<b>Notes to Financial Statements</b>	<b>6 - 16</b>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>Schedules of Functional Expenses</b>	<b>17 - 18</b>

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
El Paso Public Television Foundation, Inc.

We have audited the accompanying financial statements of El Paso Public Television Foundation, Inc. (a nonprofit organization) which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of El Paso Public Television Foundation, Inc. as of June 30, 2017 and 2016, 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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 17 and 18 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



El Paso, Texas  
November 10, 2017

EL PASO PUBLIC TELEVISION FOUNDATION, INC

STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2017 AND 2016

	2017	2016
<u>ASSETS</u>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 226,634	\$ 231,338
Accounts receivable		
Underwriting receivable	42,463	61,522
Pledge receivable, net of \$5,400 and \$4,741 allowance for uncollectible, for June 30, 2017 and 2016	28,813	26,998
Grant receivable	20,000	
Accounts and other receivables	181,569	186,669
Prepaid expenses and other assets	22,862	18,157
Auction inventory, net	46,847	31,050
Premium inventory, net	6,140	20,550
<b>Total current assets</b>	<b>575,328</b>	<b>576,284</b>
Cash, permanently restricted	25,700	25,700
Property and equipment, net of accumulated depreciation	1,066,610	1,203,833
<b>Total noncurrent assets</b>	<b>1,092,310</b>	<b>1,229,533</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,667,638</b>	<b>\$ 1,805,817</b>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 192,434	\$ 193,062
Accrued expenses and other liabilities	17,670	20,282
Deferred revenues	9,000	17,625
<b>Total current liabilities</b>	<b>219,104</b>	<b>230,969</b>
<b>NET ASSETS</b>		
Unrestricted	1,402,834	1,549,148
Temporarily restricted	20,000	-
Permanently restricted	25,700	25,700
<b>Total net assets</b>	<b>1,448,534</b>	<b>1,574,848</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,667,638</b>	<b>\$ 1,805,817</b>

See independent auditor's report and notes to financial statements.

EL PASO PUBLIC TELEVISION FOUNDATION, INCSTATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
<b>Unrestricted revenue</b>		
Grants and contracts	\$ 746,601	\$ 762,698
Donations and pledges	221,719	273,497
Program underwriting	99,666	100,267
Production underwriting	48,292	42,158
Instructional television	276,509	249,579
Special event	92,409	84,970
Other revenue	5,152	7,279
Interest	-	1
Donated products and services	108,167	100,039
<b>Total unrestricted revenue and support</b>	<u>1,598,515</u>	<u>1,620,488</u>
<b>Expenses:</b>		
<b>Program services</b>		
Programming	575,298	560,129
Community Engagement	30,010	49,489
Production	227,563	200,351
Engineering	351,019	362,458
<b>Support services</b>		
General and administration	166,265	199,771
Fundraising and development	244,907	256,244
<b>Total expenses</b>	<u>1,595,062</u>	<u>1,628,442</u>
<b>Change in unrestricted net assets before provisions and depreciation</b>	3,453	(7,954)
Provision for uncollectible	5,400	4,741
Depreciation	144,367	141,965
<b>DECREASE IN UNRESTRICTED NET ASSETS</b>	<u>(146,314)</u>	<u>(154,660)</u>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Grants and contributions	20,000	-
<b>INCREASE IN TEMPORARILY RESTRICTED NET ASSETS</b>	<u>20,000</u>	<u>-</u>
<b>DECREASE IN NET ASSETS</b>	<u>(126,314)</u>	<u>(154,660)</u>
Net assets, beginning of year	<u>1,574,848</u>	<u>1,729,508</u>
Net assets, end of year	<u>\$ 1,448,534</u>	<u>\$ 1,574,848</u>

See independent auditor's report and notes to financial statements.

EL PASO PUBLIC TELEVISION FOUNDATION, INCSTATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Decrease in net assets	\$ (126,314)	\$ (154,660)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Depreciation and amortization	144,367	141,965
Gain on sale of asset	(2,250)	-
(Increase) decrease in operating assets		
Accounts and other receivables	5,100	13,001
Grants receivables	(20,000)	-
Pledges receivable	(1,815)	(5,221)
Underwriting receivables	19,059	(18,988)
Inventories	(1,387)	3,350
Prepaid expenses and other assets	(4,705)	13,652
Increase (decrease) in liabilities		
Accounts payable	(628)	5,761
Accrued expenses and other liabilities	(2,612)	5,554
Deferred revenue	<u>(8,625)</u>	<u>(31,613)</u>
Net cash provided by (used in) operating activities	<u>190</u>	<u>(27,199)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	(7,144)	(27,208)
Proceeds from sale of asset	<u>2,250</u>	<u>-</u>
Net cash used in investing activities	<u>(4,894)</u>	<u>(27,208)</u>
Net decrease in cash and cash equivalents	(4,704)	(54,407)
Cash and cash equivalents, beginning of year	<u>257,038</u>	<u>311,445</u>
Cash and cash equivalents, end of year	<u>\$ 252,334</u>	<u>\$ 257,038</u>

See independent auditor's report and notes to the financial statements.

EL PASO PUBLIC TELEVISION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016

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1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of El Paso Television Foundation, Inc. (the Foundation), is presented to assist in understanding the Foundation's financial statements. The financial statements and notes are representations of the Foundation's management, who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Purpose

El Paso Public Television Foundation, Inc. (the Foundation) is a nonprofit corporation of Texas which operates KCOS Channel 13 for digital transmission in El Paso, Texas and provides non-commercial public television to El Paso and the surrounding communities. The Foundation is granted their digital Channel 13 broadcasting license by the Federal Communications Commission (FCC) which was renewed on 2014 and will expire on 2022.

Basis of Accounting and Presentation

The accompanying financial statements are presented on the accrual basis of accounting. The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Codification 958-205-05. Under FASB ASC 958-205-05, net assets, revenues and expenses, and gains and losses, are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted Net Assets

Unrestricted net assets represent resources that are not subject to donor-imposed stipulations and over which the Board of Directors has discretionary control. Net assets received and expended within the reporting period are reported in the Statements of Activities as unrestricted support or revenue.

Temporarily and Permanently Restricted Net Assets

All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets are released from restrictions.



EL PASO PUBLIC TELEVISION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers cash equivalents to be highly liquid investments available for current use with an original maturity of three months or less.

Underwriting Receivables

Contributions are recognized when the donor makes a contract to underwrite a specific program of the Foundation. The Foundation uses the allowance method to determine uncollectible underwriting receivables. An allowance is determined based on prior year's experience and management's analysis of specific contacts made. As of June 30, 2017 and 2016, the allowance for uncollectible underwriting receivables totaled zero.

Pledges and Bequest Receivable

Pledges and bequest receivable consist of donor pledges for the capital campaign, which are designated for a specific purpose, and a bequest receivable which is designated for production. The net present value of the pledges and bequest is recognized as revenue in the period the pledge or bequest is received. An allowance is determined based on prior year's experience and management's analysis of specific contacts made. As of June 30, 2017 and 2016, the allowance for uncollectible pledge receivables was \$5,400 and \$4,741, respectively. During fiscal year 2017 and 2016, the Foundation wrote off as uncollectable pledges \$1,620 and \$6,880, respectively.

Accounts and Other Receivables

Accounts and other receivables consist of \$181,569 and \$186,669, as of June 30, 2017 and 2016, respectively, of which \$181,569 and \$181,569, is due from the El Paso Community College (EPCC) for instructional television, year round college announcements. The amount is offset by an equal amount in accounts payable to the El Paso Community College (EPCC) for rental of office space. Management evaluates these accounts on an ongoing basis to determine collectability. As of June 30, 2017 and 2016, no allowance was deemed necessary by management.

Inventories

Inventories consist of promotional materials which are carried at the lower of cost or market, using the first-in, first-out method. Donated auction items are also included in inventory at the value stated by the donor. As of June 30, 2017 the Foundation did not have any auction items on consignment, for the auction.

EL PASO PUBLIC TELEVISION FOUNDATION, INC.NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 20161. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Property and Equipment

Property and equipment are recorded at cost. Donated assets are reflected as contributions at their estimated value on the date of receipt. The Foundation capitalizes items with a unit cost greater than \$1,000 and a useful life greater than one year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. When property or equipment is sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in revenues.

Furniture and equipment of the Foundation are depreciated using the straight line method over the following estimated useful lives:

<u>Capital Assets</u>	<u>Years</u>
Telecasting equipment	5-20
Satellite equipment	8-10
Furniture, fixtures, and equipment	5-10
Computer equipment	5
Transportation equipment	10-15

Deferred Revenue

Deferred revenue represents funds received from underwriters for programs that are to be aired and produced in the subsequent fiscal year.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Income Taxes

The Foundation is exempt from organization under Section 501(c) (3) of the Internal Revenue Code and, except for taxes pertaining to unrelated business income, is exempt from federal and state income taxes. No provision has been made for the income taxes, as the Foundation had no unrelated business taxable income for the years ended June 30, 2017 and 2016. The Foundation believes it has appropriate support for the tax positions taken and as such does not have an uncertain tax position that is material to the financial statements. The tax returns from 2014 to 2017 are subject to examination by the IRS, generally for three years after they were filed.

EL PASO PUBLIC TELEVISION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Products and Services

Donated facilities, services, and products are reflected as donated products or services in the accompanying financial statements at their estimated fair values at the date of receipt, with an equal amount expensed or capitalized as related cost.

Advertising

Advertising cost is expensed as incurred since the Foundation does not expect to derive future economic benefit from the expense. For the years ended June 30, 2017 and 2016, the Foundation had no advertising costs.

Fair Value of Financial Instruments

Management believes the carrying amount of its financial instruments approximates fair value at June 30, 2017 and 2016 because of the relatively short maturity of these instruments.

Compensated Absences and Sick Leave

The policy of the Foundation does not allow for the accrual of unused vacation time. Therefore no compensation absences are recorded.

In July 2016 all employees were included in a PTO (paid time off) plan in which all but forty hours must be used or forfeited within the calendar year. The remaining forty hours may be rolled over to no more than one year.

Use of Estimates

The preparation of these financial statements in conformity with generally accepted accounting principles 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.

Implementation of FASB ASC 958-205-50-1B

In August 2008, the Financial Accounting Standards Board issued FASB ASC 958-205-50-1B, "Endowment of Not-for-Profit Organization: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Investment Funds Act, and Enhanced Disclosures for All Endowment Funds" (FASB ASC 958-205-50-1B).

EL PASO PUBLIC TELEVISION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Implementation of FASB ASC 958-205-50-1B (Continued)

FASB ASC 958-205-50-1B provides guidance on the net assets classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Investment Funds Act of 2006 (UPMIFA). FASB ASC 958-205-50-1B also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

The State of Texas enacted UPMIFA in 2007, the provisions of which apply to endowment funds existing on or established after that date. The Foundation has adopted FASB ASC 958-205-50-1B for the year ending June 30, 2009. The Board of Directors, on the advice of legal counsel, has determined that the Foundation's permanently restricted net assets meet the definition of endowment funds under UPMIFA.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Generally accepted accounting principles requires the Foundation to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Foundation is required to present a statement of cash flows.

Functional Expense Allocation

Functional expenses have been allocated based upon direct charges and expense allocations, using criteria established by management.

Reclassifications

Certain reclassifications were made to the 2016 financial statement presentation in order to conform to the 2017 financial statement presentation. The reclassification had no effect on the previously reported change in net assets.

Subsequent Event

The Foundation has evaluated subsequent events through November 10, 2017, the date on which the financial statements were available to be issued and no reportable items were noted.

EL PASO PUBLIC TELEVISION FOUNDATION, INC.NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016

## 2. CASH AND CASH EQUIVALENTS

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents. The Foundation places substantially all of its cash and liquid investments with high-quality financial institutions; however, cash balances may periodically exceed federally insured limits, especially the Foundation's money market balance. It should be noted that although not always fully FDIC insured, the excess balance the Foundation carries in the money market fund is invested in U.S. Government Money Market funds. Investments consist of Certificate of Deposits and therefore are included in the FDIC insurance coverage. The Foundation accounts, pledges, and notes receivable, are due from third parties.

The Foundation's maximum risk of accounting loss associated with these receivables is limited to the recorded amounts. Collateral associated with accounts receivable are generally not required. Credit losses are provided for in the financial statements when deemed necessary.

## 3. PREMIUM INVENTORY

Premium inventory is valued at cost and consisted of the following at June 30:

	<u>2017</u>	<u>2016</u>
Premium inventory, at cost	\$ 8,528	\$ 28,740
Less allowance for obsolete inventory	<u>(2,388)</u>	<u>(8,190)</u>
Net premium inventory	<u>\$ 6,140</u>	<u>\$ 20,550</u>

## 4. AUCTION INVENTORY

Auction inventory is valued at the donor's stated fair market value with an allowance and consisted of the following at June 30:

	<u>2017</u>	<u>2016</u>
Auction Inventory	\$ 143,119	\$ 93,565
Less allowance valuation	<u>(96,272)</u>	<u>(62,515)</u>
Ending Inventory	<u>\$ 46,847</u>	<u>\$ 31,050</u>

An allowance of \$96,272 and \$62,515 has been established to adjust the estimated value of anticipated collections based on historic records, respectively.

EL PASO PUBLIC TELEVISION FOUNDATION, INC.NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016

## 5. PROPERTY AND EQUIPMENT

Property and equipment at June 30 consisted of the following:

	<u>2017</u>	<u>2016</u>
Telecasting equipment	\$ 5,012,315	\$ 5,008,971
Satellite equipment	64,853	61,353
Furniture, fixtures and equipment	105,452	105,452
Computer equipment	46,012	46,012
Transportation equipment	<u>-</u>	<u>14,300</u>
	5,228,632	5,236,088
Accumulated depreciation	<u>(4,162,022)</u>	<u>(4,032,255)</u>
Total	<u>\$ 1,066,610</u>	<u>\$ 1,203,833</u>

Total depreciation charged to operations was \$144,367 and \$141,965, respectively, for the years ended June 30, 2017 and 2016. See Note 10 for restrictions on the transmitter, production equipment, and digital television equipment included in telecasting equipment.

## 6. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted cash consisted of a Neil and Sue O'Hara grant for \$700, and a Roderick Foundation grant in the amount of \$25,000. The principal of these donations are to be maintained in perpetuity. The income is unrestricted and may be used as determined by management.

## 7. ENDOWMENTS

The Foundation's endowments consist of (2) two endowments established for a variety of purposes. Its endowments consist of donor-restricted funds. As required by generally accepted accounting principles, net assets associated with endowments funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence of absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Investment Funds Act ("UPMIFA") to not require the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds unless the donor explicitly required preservation of fair value. None of the Foundations endowments explicitly require preservation of fair value as of the original gift date. The Foundation classifies as permanently restricted net assets (a) the value of gifts donated to the permanent endowment, (b) the 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.

EL PASO PUBLIC TELEVISION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016

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7. ENDOWMENTS (Continued)

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net asset is classified as temporarily restricted net assets until those amounts are appropriated for expenditures by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

Investment Return Objectives, Risk Parameters and Strategies

The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in certificates of deposit. Therefore the Foundation expects its endowment funds, over time, to produce an average rate of return of approximately 2% annually. Actual returns in any given year may vary from this amount. Further, in any given year one or more donor restricted funds may incur losses.

Spending Policy

The Foundation has a policy of appropriating for distribution zero percent of the funds capital balance, and 100% of the earnings. In establishing this policy, the Foundation considered the long-term expected return on its investments assets, the nature and duration of the individual endowment funds, and the possible effects of inflation. The Foundation expects the current spending policy to allow its endowment funds to maintain the corpus of the endowment funds. Notwithstanding the foregoing, the Foundation's spending policy will always comply with UPMIFA and any applicable regulations promulgated with respect thereto.

EL PASO PUBLIC TELEVISION FOUNDATION, INC.NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016

## 7. ENDOWMENTS (Continued)

Endowment net assets composition by type as of the years ended June 30, are as follows:

<u>2017</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowments	\$ <u>25,700</u>	\$ <u>25,700</u>

<u>2016</u>		
Donor-restricted endowments	\$ <u>25,700</u>	\$ <u>25,700</u>

Changes in endowment net assets as of the years ended June 30, are as follows:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net asset, July 1, 2015	\$ -	\$ 25,700	\$ 25,700
Contributions			-
Investment income	-	-	-
Amounts appropriated for expenditures	-	-	-
Endowment net asset, June 30, 2016	<u>\$ -</u>	<u>\$ 25,700</u>	<u>\$ 25,700</u>
Contributions			-
Investment income	-	-	-
Amounts appropriated for expenditures	-	-	-
Endowment net asset, June 30, 2017	<u>\$ -</u>	<u>\$ 25,700</u>	<u>\$ 25,700</u>



**EL PASO PUBLIC TELEVISION FOUNDATION, INC.**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**8. DONATED PRODUCTS AND SERVICE**

Donations of products included the following at June 30:

	<u>2017</u>
Community engagement	\$ 11,000
Donated services	25,167
Donated equipment use	<u>72,000</u>
 Total	 <u>\$ 108,167</u>

**9. LEASE AGREEMENTS**

During the year ended June 30, 2015, the Foundation entered into a ten year lease agreement (to end in the year 2024) for antenna tower space. The agreement calls for monthly rental payments of \$7,000 for the first year, with monthly payment increases after 2019 in each subsequent year of the lease limited to the CPI.

In October 2015, the Foundation entered into a lease agreement with El Paso Community College (EPCC). EPCC leases a portion of its facilities to the Foundation for a ten year period at fair market value as determined on an annual basis.

In addition, the Foundation makes the facilities of the station available to EPCC as a laboratory for students regularly enrolled in credit courses in the Department of Communications and to provide general telecommunications support to the EPCC population. EPCC has the option to terminate the lease with a two and one-half year notice. As of June 30, 2017 and at the issuance of these financial statements no such notice has been provided.

The following is a schedule of lease expenses incurred as of June 30:

	<u>2017</u>	<u>2016</u>
Antenna over transmitter site	\$ 84,000	\$ 84,000
Facilities	<u>238,209</u>	<u>218,209</u>
 Total	 <u>\$ 322,209</u>	 <u>\$ 302,209</u>

EL PASO PUBLIC TELEVISION FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016

9. LEASE AGREEMENTS (Continued)

The schedule of future minimum lease payments is as follows:

Year Ended June 30,	Antenna Tower Amount	Facilities Amount
2018	\$ 84,000	\$ 238,209
2019	84,000	-
2020	84,000	
2021	84,000	
2022	84,000	
2023-2024	<u>168,000</u>	<u>-</u>
Total	<u>\$ 588,000</u>	<u>\$ 238,209</u>

10. COMMITMENTS AND CONTINGENCIES

In prior years, the Foundation was awarded grants from the U.S. Department of Commerce (DOC) for the installation of new transmitter and production equipment. The DOC also awarded the Foundation a large grant for the year ended June 30, 2003 for equipment necessary for conversion to digital transmission. The Foundation must comply with the terms of the grant award contracts from the DOC. As such, the transmitter and all equipment purchased with these funds may not be encumbered, leased or sold for a period of 10 years without permission from the DOC.

In the normal course of operations, the Foundation receives grant funds from various state agencies. The grant programs are subject to audit of the granting authority, the purpose of which is to ensure for reimbursement by the grantor agency for expenditures not allowed under terms of the grant. The Foundation's management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

11. CONCENTRATIONS

The Foundation is supported primarily through donor contributions, grants and the Corporation for Public Broadcasting. Approximately 44% and 43%, respectively, of the Foundation's support for the years ended June 30, 2017 and 2016, came from distributions from the Corporation for Public Broadcasting.

**SUPPLEMENTARY INFORMATION**

EL PASO PUBLIC TELEVISION FOUNDATION, INC.

SCHEDULE OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2017

	Programming	Community Engagement	Production	Engineering	Total Program Services	General Administrative	Fundraising and Development	Total Support Services	Total
Personnel Salaries	\$ 32,000	\$ 7,650	\$ 67,530	\$ 90,734	\$ 197,914	\$ 68,631	\$ 69,517	\$ 138,148	\$ 336,062
Benefits	5,431	610	10,262	10,237	26,540	5,982	7,905	11,887	38,427
Payroll taxes	3,031	585	6,922	8,685	19,223	7,466	7,472	14,938	34,161
Total salaries and related expenses	40,462	8,845	84,714	109,656	243,677	80,079	84,894	164,973	408,650
Accounting	4,204	841	8,829	11,351	25,225	8,408	8,409	16,817	42,042
Additional gift letter and expired membership	-	-	-	-	-	-	3,904	3,904	3,904
Art, Auction, and wine tasting	-	-	-	-	-	-	36,408	36,408	36,408
Bank charges	-	-	-	-	-	469	7,417	7,886	7,886
Computer service agreement	6,392	-	1,050	-	7,442	5,134	9,552	14,686	22,128
Contract labor	14,400	-	20,000	-	34,400	-	-	-	34,400
Dues and subscriptions	452	-	-	-	452	1,054	-	1,054	1,506
Grant Expense	-	9,324	-	-	9,324	-	-	-	9,324
Insurance	2,376	-	4,752	7,128	14,256	7,128	4,752	11,880	26,136
Legal fees	-	-	-	162	162	1,958	7,493	1,958	1,958
Miscellaneous	-	-	-	-	-	1,068	1,568	8,561	8,723
Pledge Expense	-	-	-	-	-	-	1,638	1,568	1,568
Program Acquisitions	437,149	-	435	-	437,149	4,082	1,638	5,720	437,149
Office supplies	180	-	158	-	338	1,165	20,895	22,060	22,398
Postage	-	-	-	-	-	-	-	-	-
Premiums	-	-	-	-	-	-	-	-	-
Program and production cost	18,929	-	4,224	-	23,153	-	-	-	23,153
Program guide	14,075	-	-	-	14,075	-	328	328	14,403
Renewal Expense	35,730	-	65,505	149,515	250,750	35,730	35,730	71,460	322,210
Rent expense	-	-	-	9,144	9,144	-	-	-	9,144
Studio maintenance	-	-	-	-	-	-	7,056	7,056	7,056
Telemarketing	-	-	1,896	5,170	8,015	2,844	1,896	4,740	12,755
Telephone	949	-	-	21,552	21,552	-	-	-	21,552
Tower and Maintenance	-	-	-	1,201	1,201	5,080	4,374	9,454	10,655
Travel	-	-	-	140	140	-	-	-	140
Vehicle maintenance	-	-	-	-	-	-	-	-	-
Bad Debt	-	-	-	-	-	-	(3,121)	(3,121)	(3,121)
Loss on write-down of inventory	-	-	-	-	-	-	(1,387)	(1,387)	(1,387)
In-Kind	-	11,000	36,000	36,000	83,000	12,066	13,101	25,167	108,167
	\$ 575,298	\$ 30,010	\$ 227,563	\$ 351,019	\$ 1,183,890	\$ 166,265	\$ 244,907	\$ 411,172	\$ 1,595,062

EL PASO PUBLIC TELEVISION FOUNDATION, INC.

SCHEDULE OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2016

	Programming	Community Engagement	Production	Engineering	Total Program Services	General Administrative	Fundraising and Development	Total Support Services	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Personnel Salaries	32,473	7,125	69,157	94,913	203,668	81,447	66,338	147,785	351,453
Benefits	4,768	813	9,037	15,352	29,970	2,986	9,918	12,904	42,874
Payroll taxes	3,332	545	7,129	9,290	20,296	9,465	6,876	16,341	36,637
<b>Total salaries and related expenses</b>	<b>40,573</b>	<b>8,483</b>	<b>85,323</b>	<b>119,555</b>	<b>253,934</b>	<b>93,898</b>	<b>83,132</b>	<b>177,030</b>	<b>430,964</b>
Accounting	2,704	601	6,010	8,413	17,728	6,611	5,709	12,320	30,048
Additional gift letter and expired membership	-	-	-	-	-	-	3,764	3,764	3,764
Art, Auction, and wine tasting	-	-	-	-	-	-	31,082	31,082	31,082
Bank charges	-	-	-	-	-	546	8,275	8,821	8,821
Computer service agreement	4,149	-	873	-	5,022	3,826	9,376	13,202	18,224
Contract labor	14,400	-	-	-	14,400	-	-	-	14,400
Dues and subscriptions	452	-	-	-	452	775	-	775	1,227
Grant Expense	-	40,405	-	-	40,405	-	-	-	40,405
Insurance	2,149	-	4,298	6,447	12,894	6,447	6,447	12,894	25,788
Legal fees	-	-	-	152	152	2,515	-	2,515	2,515
Miscellaneous	-	-	-	-	-	3,050	12,230	15,280	15,432
Pledge Expense	-	-	-	-	-	-	8,149	8,149	8,149
Program Acquisitions	428,439	-	-	-	428,439	4,600	884	5,484	6,568
Office supplies	1,193	-	1,084	-	1,084	2,658	1,289	3,947	5,140
Postage	-	-	-	-	1,193	-	29,769	29,769	29,769
Premiums	-	-	-	-	-	-	-	-	22,421
Program and production cost	18,393	-	4,028	-	22,421	-	-	2,159	13,582
Program guide	13,582	-	-	-	13,582	-	-	2,159	2,159
Renewal Expense	-	-	-	-	-	-	-	-	302,209
Rent expense	32,730	-	60,005	144,014	236,749	32,730	32,730	65,460	8,567
Studio maintenance	-	-	-	8,567	8,567	-	-	-	7,649
Telemarketing	-	-	-	-	-	-	-	-	19,007
Telephone	1,365	-	2,730	6,720	10,815	4,096	4,096	8,192	31,689
Tower and Maintenance	-	-	-	31,689	31,689	-	-	-	9,255
Travel	-	-	-	901	901	6,631	2,624	9,255	901
Vehicle maintenance	-	-	-	-	-	-	-	-	6,880
Bad Debt	-	-	-	-	-	3,350	-	-	3,350
Loss on write-down of inventory	-	-	-	-	-	28,038	-	28,038	100,038
In-Kind	560,129	49,489	200,351	362,458	1,172,427	199,771	256,244	456,015	1,628,442