

Consolidated Financial Report

*Greater New Orleans Educational
Television Foundation and
Subsidiaries*

June 30, 2016



Bourgeois Bennett
CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS
A LIMITED LIABILITY COMPANY

Consolidated Financial Report

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Subsidiaries*

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June 30, 2016 and 2015

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees,
Greater New Orleans Educational Television Foundation,
New Orleans, Louisiana.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Greater New Orleans Educational Television Foundation (a non-profit organization) and Subsidiaries, which comprise the consolidated statement of financial position as of June 30, 2016, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenances of internal control relevant to the preparation and fair presentation of the consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audit contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 the evaluation of the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Greater New Orleans Educational Television Foundation and Subsidiaries as of June 30, 2016, and the consolidated changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Greater New Orleans Educational Television Foundation and Subsidiaries' consolidated financial statements as of and for the year ended June 30, 2015, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 26, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information (Schedules 1 through 4) is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer (Schedule 4), is presented for purposes of additional analysis and is required by Louisiana Revised Statute 24:513(A)(3), and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated October 17, 2016 on our consideration of Greater New Orleans Educational Television Foundation and Subsidiaries' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Greater New Orleans Educational Television Foundation and Subsidiaries' internal control over financial reporting and compliance.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana.
October 17, 2016.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION**Greater New Orleans Educational
Television Foundation and Subsidiaries**

June 30, 2016
(with comparative totals for 2015)

	<u>2016</u>	<u>2015</u>
Assets		
Cash and cash equivalents	\$ 325,391	\$ 290,526
Restricted cash	709,797	1,491,720
Accounts receivable, net	644,488	435,592
Capital campaign pledges receivable, net of allowances	1,672,837	2,380,314
Note receivable	7,485,811	7,261,947
Prepaid expenses and deposits	87,065	298,407
Investments	3,110,141	4,062,943
Property and equipment, net of accumulated depreciation	<u>10,547,755</u>	<u>8,747,540</u>
Total assets	<u>\$ 24,583,285</u>	<u>\$ 24,968,989</u>
Liabilities		
Accounts payable and accrued expenses	\$ 685,482	\$ 666,232
Notes payable to bank	1,533,932	1,165,395
Deferred revenue	1,433,120	1,669,734
Note payable - Community Development Entity	<u>8,000,000</u>	<u>8,000,000</u>
Total liabilities	<u>11,652,534</u>	<u>11,501,361</u>
Net Assets		
Unrestricted		
Board designated	-	98,968
Undesignated	<u>9,486,520</u>	<u>8,647,710</u>
	9,486,520	8,746,678
Temporarily restricted	2,496,347	3,773,066
Permanently restricted	<u>947,884</u>	<u>947,884</u>
Total net assets	<u>12,930,751</u>	<u>13,467,628</u>
Total liabilities and net assets	<u>\$ 24,583,285</u>	<u>\$ 24,968,989</u>

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF ACTIVITIES**Greater New Orleans Educational
Television Foundation and Subsidiaries**

For the year ended June 30, 2016
(with comparative totals for 2015)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	
				2016	2015
Support and Revenues					
Support:					
Contributions	\$ 2,294,996	\$ 20,000	\$ -	\$ 2,314,996	\$ 4,532,915
Grants from the Corporation for Public Broadcasting	575,075	-	-	575,075	576,254
Other grants	195,798	-	-	195,798	315,072
Other support	345,227	-	-	345,227	309,292
In-kind support	531,286	-	-	531,286	530,720
State of Louisiana capital grant	199,410	219,883	-	419,293	-
Revenues:					
Miscellaneous sales, net	997	-	-	997	11,324
Contract and production services	3,983,991	-	-	3,983,991	4,372,916
Investment income	144,843	1,390	-	146,233	342,602
Total support and revenues	8,271,623	241,273	-	8,512,896	10,991,095
Net assets released from restrictions:					
Expiration of time and purpose restrictions	1,517,992	(1,517,992)	-	-	-
Total support and revenues	9,789,615	(1,276,719)	-	8,512,896	10,991,095
Expenses					
Program services	6,172,415	-	-	6,172,415	6,862,106
Management and general	1,944,598	-	-	1,944,598	1,793,792
Development	932,760	-	-	932,760	1,017,540
Total expenses	9,049,773	-	-	9,049,773	9,673,438
Increase (Decrease) in Net Assets	739,842	(1,276,719)	-	(536,877)	1,317,657
Net Assets					
Beginning of year	8,746,678	3,773,066	947,884	13,467,628	12,149,971
End of year	\$ 9,486,520	\$ 2,496,347	\$ 947,884	\$ 12,930,751	\$ 13,467,628

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**Greater New Orleans Educational
Television Foundation and Subsidiaries**For the year ended June 30, 2016
(with comparative totals for 2015)

	Program Services	Supporting Services		Total Expenses	
		Management and General	Development	2016	2015
Advertising	\$ 15,483	\$ 3,000	\$ 3,796	\$ 22,279	\$ 43,192
Board of trustees' expenses	-	972	-	972	926
Building and grounds maintenance	-	44,442	-	44,442	42,942
Building rental	-	255,633	-	255,633	98,757
Capital campaign expense	-	-	69,000	69,000	69,000
Direct mail solicitation	-	-	65,764	65,764	58,929
Employee travel and other personnel costs	317,057	18,609	8,065	343,731	377,943
Equipment rental and maintenance cost	463,907	65,043	21,206	550,156	625,023
Insurance	-	268,479	210	268,689	285,176
Interest	-	191,871	-	191,871	191,413
Membership premiums	-	-	86,626	86,626	96,879
Office supplies	36,671	12,067	3,501	52,239	47,509
Other expenses	50,317	63,344	115,762	229,423	246,495
Postage and shipping	18,917	8,017	44,127	71,061	65,537
Printing	129,990	-	25,819	155,809	150,469
Production costs	35,689	31	2,992	38,712	64,202
Professional services	137,160	198,704	114,337	450,201	428,936
Program rental fees	745,757	-	-	745,757	718,717
Salaries, payroll taxes, contract labor, and employee benefits	2,743,610	679,221	319,429	3,742,260	4,096,617
Taxes	4,375	7,578	-	11,953	24,920
Telephone	19,204	30,296	5,754	55,254	51,065
Tower and transmission equipment rental	299,279	-	-	299,279	424,802
Utilities	130,874	-	-	130,874	137,485
	5,148,290	1,847,307	886,388	7,881,985	8,346,934
Depreciation and amortization	1,024,125	97,291	46,372	1,167,788	1,326,504
Total functional expenses	<u>\$ 6,172,415</u>	<u>\$ 1,944,598</u>	<u>\$ 932,760</u>	<u>\$ 9,049,773</u>	<u>\$ 9,673,438</u>

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS**Greater New Orleans Educational
Television Foundation and Subsidiaries**

For the year ended June 30, 2016
(with comparative totals for 2015)

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ (536,877)	\$ 1,317,657
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Depreciation and amortization	1,167,788	1,326,504
Realized and unrealized losses on investments	267,726	50,400
(Increase) decrease in operating assets:		
Accounts receivable and unconditional promises to give	10,987	203,066
Note receivable - accrued interest	(223,864)	(212,771)
Prepaid expenses and deposits	211,342	(242,411)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(273,124)	71,434
Deferred revenue	(236,614)	(794,768)
Revenues restricted for the acquisition of property and equipment:		
Capital campaign contributions, net of unamortized discount	(207,395)	(2,278,623)
State of Louisiana capital grant	(419,293)	-
	<u>(239,324)</u>	<u>(559,512)</u>
Net cash used in operating activities		

**Exhibit D
(Continued)**

	<u>2016</u>	<u>2015</u>
Cash Flows From Investing Activities		
Purchases of property and equipment	(2,675,629)	(271,471)
Proceeds from sales and maturities of investments	1,453,005	1,453,005
Purchases of investments	<u>(767,929)</u>	<u>(1,179,732)</u>
Net cash provided by (used in) investing activities	<u>(1,990,553)</u>	<u>1,802</u>
Cash Flows From Financing Activities		
New borrowings	761,834	-
Payments on notes payable	(393,297)	(418,758)
Collections of capital campaign support	<u>1,114,282</u>	<u>519,166</u>
Net cash provided by financing activities	<u>1,482,819</u>	<u>100,408</u>
Net Decrease in Cash, Restricted Cash, and Cash Equivalents	(747,058)	(457,302)
Cash and Cash Equivalents		
Beginning of year	<u>1,782,246</u>	<u>2,239,548</u>
End of year	<u>\$ 1,035,188</u>	<u>\$ 1,782,246</u>

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**Greater New Orleans Educational
Television Foundation and Subsidiaries**

June 30, 2016 and 2015

Note 1 - NATURE OF ACTIVITIES

WYES-TV is a community-owned, nonprofit public television station serving metropolitan New Orleans, southeastern Louisiana, and Mississippi Gulf Coast regions. Affiliated with the Public Broadcasting Service, WYES-TV is licensed to the Greater New Orleans Educational Television Foundation and governed by a board of trustees comprised of civic-minded individuals and distinguished community leaders.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**a. Organization and Income Taxes**

The Greater New Orleans Educational Television Foundation (the "Foundation") is a nonprofit corporation organized under the laws of the State of Louisiana to provide educational television broadcast service to the New Orleans area. It is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code, and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the Code. It is also exempt from Louisiana income tax under the authority of R.S. 47:121(5). Net operating profits from unrelated business income are subject to Federal income tax.

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. As of June 30, 2016 and 2015, management believes the Foundation and its Subsidiaries have no uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements. Tax years ended June 30, 2013 and later remain subject to examination by taxing authorities.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Organization and Income Taxes (Continued)

Effective July 1, 1982, the Foundation incorporated a wholly-owned subsidiary, Yescom Enterprises, Inc. ("Yescom"). The purpose of this corporation is to engage primarily in providing remote production services to third parties on a for-profit basis. All revenues generated by Yescom are dedicated to the Foundation and are used to fulfill the Foundation's exempt purpose.

John Besh's My New Orleans, L.L.C. ("Besh"), wholly owned by the Foundation, and was founded in February 2010 to aid in the production of a television series. On October 12, 2015, Besh amended its articles of incorporation to change its corporate name to WYES MEDIA SERVICES, L.L.C. ("WYES Media Services").

On April 7, 2011, WYES-GO, LLC ("WYES GO") was established to operate exclusively for the benefit of the Greater New Orleans Educational Television Foundation, to support the production and management of public television and related activities of the Foundation, and to facilitate the New Markets Tax Credit transaction as described in Note 13. WYES-GO is owned 90% by the Foundation and 10% by an unrelated entity.

YES/BESH SEASON 2, LLC ("Yes/Besh") is wholly owned by the Foundation, and was founded in February 2012 to aid in the production of a television series. On March 18, 2016, Yes/Besh Season 2, LLC was dissolved and closed.

YESCOM, WYES MEDIA SERVICES, WYES GO, and YES/BESH are collectively the "Subsidiaries".

b. Use of Estimates

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

c. Basis of Accounting

The consolidated financial statements of the Greater New Orleans Educational Television Foundation and Subsidiaries are prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Basis of Presentation

Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and Subsidiaries and changes therein are classified and reported as follows:

Unrestricted Net Assets

Undesignated - Net assets not subject to donor-imposed stipulations that are available to support the general operations of the Foundation.

Board Designated - Net assets that are not to be used for the general operations of the Foundation, but rather to be used for specific expenditures that are approved by the Board of Trustees.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor - imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

e. Consolidation

The accompanying consolidated financial statements present the combined assets, liabilities, and net assets of the Foundation and its Subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

f. Cash and Cash Equivalents

The Foundation and its Subsidiaries consider investments in money market funds to be cash equivalents, except for money market funds maintained in investment brokerage accounts which are reported as investments (see Note 9).

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Restricted Cash

The Foundation and its Subsidiaries have restricted cash balances that consist of contributions collected and restricted for the acquisition of property and equipment.

h. Investments

Investments in marketable securities, including mutual funds, common stocks, certificates of deposits, and other investments are carried at fair market value in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Consolidated Statement of Activities. Unrealized gains and losses on investments are recorded as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or law. Interest earned on donor restricted investments is reported based on the existence or absence of donor-imposed restrictions. Realized gains and losses on the sales of securities are determined using the specific-identification method. A decline in the fair value of investments below cost that is deemed to be other than temporary, results in a charge to the change in net assets, and the establishment of a new cost basis for the investment.

i. Promises to Give

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

j. Contributions and Revenue Recognition

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Consolidated Statement of Activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting periods are reported as unrestricted support.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Allowance for Uncollectible Accounts

The Foundation and its Subsidiaries provide for estimated uncollectible accounts receivable on a specific account basis as determined by management. Accounts receivable are comprised principally of balances due from third parties for remote production services. All receivables were deemed to be fully collectible as of June 30, 2016, and the allowance for doubtful accounts was \$38,952 as of June 30, 2015. The Foundation provides for estimated uncollectible capital pledges receivable based on management's analysis of specific promises made. Management believes all accounts are collectible, and there is no allowance for uncollectible capital campaign pledges receivable as of June 30, 2016 and 2015.

l. Property and Equipment

The Foundation and its Subsidiaries record all property and equipment acquisitions at cost except for those received through donation, which are recorded at estimated value as of the date of donation. Such donations are reported as unrestricted support. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation and its Subsidiaries report expirations of donor restrictions when the donated assets are placed in service as instructed by the donor. The Foundation and its Subsidiaries reclassify temporarily restricted net assets to unrestricted net assets at that time.

Property and equipment acquired with funds received through grants or contributions which stipulate a time period for the asset to be maintained are reported as temporarily restricted net assets. Temporarily restricted net assets are reclassified to unrestricted net assets for expiration of time restrictions as the assets are depreciated or the time period expires.

Repairs and maintenance are charged to expense as incurred. It is the Foundation's policy to capitalize major renewals, replacements, and betterments of \$2,500 or more. Depreciation and amortization are determined using the straight-line method and are intended to write-off the cost of the property and equipment over their estimated useful lives which range from 5 to 39 years.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. In-kind Support

On June 8, 1970, the Foundation exchanged operating frequencies with WVUE, a station owned and operated at that time by Screen Gems Broadcasting of Louisiana, Inc. Emmis Televisions Broadcasting, L.P. acquired the transmitter facilities and assumed the rights and obligations of the original exchange agreement. The exchange agreement required certain items of compensation to be paid to the Foundation. On November 30, 2003, the existing agreement was terminated by a new agreement under which the Foundation was paid a buyout payment of \$3,500,000 (see Note 2n) and a new antenna and transmission line, owned by the Foundation, was constructed. The Foundation will continue to receive the substantially free lease on the transmittal facilities, which is \$1 per year for 20 years through November 30, 2023 (see Note 15). The Foundation's policy is to record the current rental value as revenue and recognize a corresponding amount as an expense of fulfilling its exempt purposes. The current rental value is the amount that would be charged to a commercial customer as documented by Emmis Television Broadcasting doing business as WVUE.

The Foundation records the value of the substantially free use of the land occupied by its studio and office building and recognizes a similar amount as expense.

Beginning in July of 2004, grant money was transferred to Louisiana Public Broadcasting (LPB) under a cooperative endeavor agreement. This grant money was used by LPB to purchase transmission equipment to be used by the Foundation. The use of the transmission equipment is at no cost to the Foundation, other than general maintenance, as long as the mission of public broadcasting does not change. In return, the State of Louisiana owns and insures the equipment. The estimate of the annual in-kind contributions and rental expense is \$213,029 and \$304,802 for the years ended June 30, 2016 and 2015, respectively.

n. Deferred Revenue

The Foundation received \$3,500,000 under an agreement with Emmis Televisions Broadcasting, L.P. for the exchange of operating frequencies with WVUE which covers a 20 year period ending in 2023 (see Note 2m). This amount is being amortized on a straight line basis over the life of the agreement, which makes the Foundation responsible for the payment of the operating expenses of the transmittal facilities. Deferred revenue related to this agreement as of June 30, 2016 and 2015 was \$1,297,917 and \$1,472,917, respectively. Other deferred revenues totaled \$135,203 and \$196,817 as of June 30, 2016 and 2015, respectively.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Program Rental Fees

Costs incurred for the acquisition of programs are amortized on a straight-line basis over the period of time in which the Foundation has rights to broadcast the programs as specified in the lease agreements with the program distributors.

p. Unemployment Benefits

In lieu of unemployment tax contributions, the Foundation has elected under the Louisiana Employment Security Law to reimburse the State of Louisiana for benefits paid by the State and charged against the account of the Foundation. The Foundation recognizes this expense in the period for which the benefits are billed by the State. The Subsidiaries pay unemployment taxes based on statutory rates on wages paid.

q. Allocated Expenses

The costs of providing the various programs and other activities are summarized in the Consolidated Statement of Functional Expenses. Certain expenses have been allocated among the programs and supporting services based on management's estimate of the costs involved.

r. Subsequent Events

Management evaluates events occurring subsequent to the date of the consolidated financial statements in determining the accounting for and disclosure of transactions and events that effect the consolidated financial statements. Subsequent events have been evaluated through October 17, 2016, which is the date the consolidated financial statements were available to be issued.

s. Reclassifications

Certain amounts in the 2015 financial statements have been reclassified to conform to the 2016 financial statement presentation.

Note 3 - CONCENTRATION OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS

The Foundation and its Subsidiaries maintain cash balances at several local financial institutions where they are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. As of June 30, 2016, cash deposits in excess of the insured limits were approximately \$546,000.

Note 4 - DESIGNATED NET ASSETS

During the year ended June 30, 2015 the Foundation Board of Trustees approved the dedication of certain unrestricted net assets totaling \$98,968 for the acquisition of property and equipment. These funds were fully expended during the year ended June 30, 2016.

Note 5 - RESTRICTIONS ON ASSETS

Temporarily restricted and permanently restricted net assets are restricted by donors for specific purposes or designated for subsequent periods. Cash and investments raised through the capital campaigns are restricted for the acquisition of property and equipment. Restrictions on such funds are considered to expire when payment for the designated purpose is made. Temporarily restricted net assets available for the capital campaign were \$2,496,347 and \$3,773,066 as of June 30, 2016 and 2015, respectively.

Permanently restricted net assets is endowment principal of \$947,884, which includes cash and investments.

Note 6 - LIMITED USE ASSETS

The Foundation maintains a separate bank account for the capital campaign (Note 7). The balance as of June 30, 2016 and 2015 was \$709,797 and \$1,491,720, respectively.

Note 7 - CAPITAL CAMPAIGN PLEDGES RECEIVABLE/ FUNDS HELD FOR OTHERS

During the year ended June 30, 2012, the Foundation entered into Capital Campaign Phase II. The purpose of the campaign is to raise \$5,150,000 from private sources for the construction of an administration building that will house programming, educational outreach, local and national productions, volunteers, public information, membership and special events, and Foundation personnel. The balance of pledges receivable which are all deemed collectible by management, totaled \$1,672,837 and \$2,380,314 as of June 30, 2016 and 2015, respectively. As of June 30, 2016, the Foundation has raised pledges totaling \$4,647,191. The Foundation has discounted the value of future pledges receivables by using an effective interest rate of 5%.

**Note 7 - CAPITAL CAMPAIGN PLEDGES RECEIVABLE/ FUNDS HELD FOR OTHERS
(Continued)**

The details of pledges receivable are as follows:

	2016	2015
Pledges receivable at beginning of year	\$ 2,690,775	\$ 644,729
New pledges made during the year	126,000	2,565,212
Less:		
Cash received	(914,872)	(519,166)
Pledges receivable at end of year	1,901,903	2,690,775
Unamortized discount	(229,066)	(310,461)
Totals	\$ 1,672,837	\$ 2,380,314
	2016	2015
Amounts due in:		
Less than one year	\$ 464,754	\$ 696,603
One to five years	1,037,149	1,294,172
Six to ten years	400,000	700,000
	\$ 1,901,903	\$ 2,690,775

Note 8 - NOTE RECEIVABLE

The Foundation entered into an agreement on May 31, 2011, to lend to COCRF Investor I, LLC a maximum aggregate amount of \$6,420,000. The note is secured by certain funds on deposit at a local financial institution. The outstanding principal and accrued interest as of June 30, 2016 and 2015 totaled \$7,485,811 and \$7,261,947, respectively. The note accrues interest at the rate of approximately 4.8% per annum. Interest payments in the amount of 2% are paid semi-annually on March 31st and September 30th. The unpaid interest of 2.8% on the outstanding principal will continue to accrue through the maturity date of May 31, 2018. Upon its maturity, all outstanding principal and interest on the note will be paid.

Note 8 - NOTE RECEIVABLE (Continued)

Interest earned on this note for the year ended June 30, 2016 was approximately \$354,000, of which approximately \$130,000 was collected and \$224,000 was added to the balance of the note receivable. As of June 30, 2016, approximately \$1,066,000 of accrued interest is included in the note receivable balance. Interest earned on this note for the year ended June 30, 2015 was approximately \$343,000, of which approximately \$130,000 was collected and \$213,000 was added to the balance of the note receivable. As of June 30, 2015, approximately \$841,000 of accrued interest is included in the note receivable balance.

Note 9 - INVESTMENTS

Investments are stated at fair market value as of June 30, 2016 and 2015 and consist of the following:

Description	2016	
	Cost	Market Value
Equity securities	\$ 1,943,050	\$ 1,948,645
Corporate bonds and U.S. Government Agency obligations	699,008	705,567
Money market funds	455,929	455,929
Total investments	\$ 3,097,987	\$ 3,110,141
	2015	
Description	Cost	Market Value
Equity securities	\$ 2,521,787	\$ 2,877,468
Corporate bonds and U.S. Government Agency obligations	912,157	906,721
Money market funds	278,754	278,754
Total investments	\$ 3,712,698	\$ 4,062,943

Note 9 - INVESTMENTS (Continued)

Investment income is presented net of custodian fees, which were approximately \$34,000 for the year ended June 30, 2016. Investment return for the year ended June 30, 2016 is summarized as follows:

	Cost	Market Value	Excess of Market Value Over Cost
Balances as of June 30, 2016	<u>\$ 3,097,987</u>	<u>\$ 3,110,141</u>	\$ 12,154
Balances as of June 30, 2015	<u>\$ 3,712,698</u>	<u>\$ 4,062,943</u>	<u>350,245</u>
Decrease in unrealized appreciation			<u>\$ (338,091)</u>
Interest and dividend income, net (including interest on note receivable)		\$ 413,959	
Unrealized loss for the year		(338,091)	
Realized gain, net		<u>70,365</u>	
Investment income, net		<u>\$ 146,233</u>	

Investment return for the year ended June 30, 2015 is summarized as follows:

	Cost	Market Value	Excess of Market Value Over Cost
Balances as of June 30, 2015	<u>\$ 3,712,698</u>	<u>\$ 4,062,943</u>	\$ 350,245
Balances as of June 30, 2014	<u>\$ 3,833,825</u>	<u>\$ 4,386,616</u>	<u>552,791</u>
Decrease in unrealized appreciation			<u>\$ (202,546)</u>
Interest and dividend income, net (including interest on note receivable)		\$ 393,002	
Unrealized loss for the year		(202,546)	
Realized gains, net		<u>152,146</u>	
Investment income, net		<u>\$ 342,602</u>	

Note 10 - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in the active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under the Financial Accounting Standards Board Accounting Standards Codification Topic 820, Fair Value Measurements are described as follows:

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

Level 2 - Inputs to the valuation methodology include:

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

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 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.

- *Money market funds*: Valued at quoted market prices, which represent the net asset value per unit. These are included in Level 1 of the fair value hierarchy.
- *Equity securities, corporate bonds, and U.S. Government Agency obligations*: Valued at the closing price reported on the active market on which the individual securities are traded. These are included in Level 1 of the fair value hierarchy.

Note 10 - FAIR VALUE MEASUREMENTS (Continued)

The methodologies 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 the Foundation 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.

As of June 30, 2016 and 2015, assets measured at fair value on a recurring basis are comprised of and determined as follows:

Description	Total Assets Measured at Fair Value	2016		
		Based on		
		Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Equity securities	\$ 1,948,645	\$ 1,948,645	\$ -	\$ -
Corporate bonds and U.S. Government Agency obligations	705,567	705,567	-	-
Money market funds	455,929	455,929	-	-
Totals	<u>\$ 3,110,141</u>	<u>\$ 3,110,141</u>	<u>\$ -</u>	<u>\$ -</u>
		2015		
		Based on		
		Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Equity securities	\$ 2,877,468	\$ 2,877,468	\$ -	\$ -
Corporate bonds and U.S. Government Agency obligations	906,721	906,721	-	-
Money market funds	278,754	278,754	-	-
Totals	<u>\$ 4,062,943</u>	<u>\$ 4,062,943</u>	<u>\$ -</u>	<u>\$ -</u>

As of June 30, 2016 and 2015, there were no assets measured at fair value on a non-recurring basis.

Note 11 - PROPERTY AND EQUIPMENT

As of June 30, 2016 and 2015, property and equipment and accumulated depreciation were as follows:

	2016	2015
Remote production equipment	\$ 11,653,732	\$ 10,883,442
Equipment	3,276,260	3,258,192
Leasehold improvements	7,511,032	7,511,032
Construction in progress	2,659,558	482,469
Office equipment	321,873	319,318
Vehicles	70,714	70,714
	25,493,169	22,525,167
Less accumulated depreciation	(14,945,414)	(13,777,627)
Net property and equipment	\$ 10,547,755	\$ 8,747,540

Depreciation and amortization expense was \$1,167,788 and \$1,326,504 for the years ended June 30, 2016 and 2015, respectively.

Note 12 - NOTES PAYABLE TO BANK

The Foundation is obligated on the following notes payable:

	June 30,	
	2016	2015
<p>Note payable to Capital One Community Renewal Fund, LLC, bearing interest at 1.605%, due semi-annually, principal is due May 31, 2018, secured by a guarantee by the Foundation, a leasehold mortgage on the assets constructed, and certain deposits held by a financial institution of the Foundation.</p>	\$ 8,000,000	\$ 8,000,000
<p>Note payable to Whitney Bank. The note was amended in December 2010 and was due in 59 monthly installments of principal (12 of \$19,700, 12 of \$20,900, 12 of \$22,200, 12 of \$23,600, and 11 of \$25,100) plus interest with the final payment of \$687,100 made in December 2015 by refinancing with a new non-revolving line of credit loan, which converted to a term loan in January 2016. The note bore interest at an adjustable rate based on one month LIBOR plus 2.25% (2.436% as of June 30, 2015 plus an interest rate SWAP agreement rate that fixes the total combined rate at 4.5% for the life of the loan) and was secured by equipment filings on mobile production trailers and mobile video production equipment.</p>	-	837,699
<p>Note payable to Whitney Bank. The note is due in 59 equal monthly installments of principal and interest of \$11,765 through November 2017. The note bears interest at 3.25% and is secured by high definition mobile unit equipment.</p>	195,359	327,696
<p>Note payable to Whitney bank. The note was converted from a line of credit to a term note in January 2016 and is due in 59 monthly installments of principal and interest ending January 31, 2021. The note bears interest equal to the higher of the Wall Street Journal Prime Rate (3.50% as of June 30, 2016) or 3.75% and is secured by trailers and production equipment.</p>	1,338,573	-
<p>Totals</p>	\$ 9,533,932	\$ 9,165,395

Note 12 - NOTES PAYABLE TO BANK (Continued)

Future principal payments to be made on these notes are as follows:

<u>Year Ending June 30,</u>	
2017	\$ 409,655
2018	8,340,667
2019	293,531
2020	304,857
2021	<u>185,222</u>
Total	<u>\$ 9,533,932</u>

Interest incurred on these notes was approximately \$170,000 and \$167,000 for the years ended June 30, 2016 and 2015, respectively.

In December 2010, the Foundation entered into a five year interest rate swap agreement with a financial institution whereby a notional amount of \$1,659,100 of an outstanding note payable bears interest at a fixed rate of 2.25%, payable monthly, and the risk of the variable rate transfers to the institution. The variable rate on the note payable was LIBOR plus 2.25%, payable monthly. The swap arrangement required that the financial institution pay the LIBOR rate (.186% as of June 30, 2015) by settling that difference against the Foundation's payment for the fixed rate portion of the payment. This swap agreement, which terminated in December 2015, was designed to hedge the risk of changes in the interest rate on the note. The remainder (\$837,699 as of June 30, 2015) of the outstanding note continued to bear interest at an adjustable rate of interest. The fair value of the swap was not material to the financial statements as of June 30, 2015. The loan was fully paid in December 2015.

The Foundation has a \$2,600,000 line of credit with Iberia Bank. Interest is due monthly at LIBOR - one month + 1.75% (2.189% as of June 30, 2016). The line of credit expires on November 4, 2016. The line of credit is collateralized by a negative pledge agreement. There was no balance due as of June 30, 2016. The Foundation incurred no interest expense relating to the line of credit for the year ended June 30, 2016.

The Foundation has a \$750,000 line of credit with Whitney Bank. Interest is due monthly at LIBOR ICE - one month + 2.25% (2.662% as of June 30, 2016). The line of credit was extended in September 2016, and expires on November 16, 2016. There was no balance due as of June 30, 2016. The Foundation incurred no interest expense relating to the line of credit for the year ended June 30, 2016.

Note 13 - NEW MARKETS TAX CREDIT

During the year ended June 30, 2011, the Foundation and WYES GO began a capital construction project to repair and rebuild facilities previously damaged due to Hurricane Katrina. However, in order to receive additional financing for the construction and better than market loan terms, a credit agreement was executed on May 31, 2011 by and among the Foundation and Capital One Community Renewal Fund, LLC, a community development entity (CDE or the "Lender"). These loans qualify as a "quality low income community investment" and generate certain tax credits called New Markets Tax Credit (NMTC) under Section 45D of the Internal Revenue Code. To qualify, WYES GO complied with certain representations, warranties, and covenants, including continuing to qualify as a qualified low-income community business. WYES GO will realize benefits from the New Markets Tax Credit Program of the Community Development Financial Institution Fund (CDFI), a branch of the U.S. Department of Treasury.

The Lender agreed to make a loan to WYES GO totaling \$8,000,000. The loan is secured by a security agreement executed by WYES GO granting a lien on certain accounts, a guarantee by the Foundation, and a leasehold mortgage on the assets being constructed on land that is leased. The loan matures on May 31, 2018.

Note 14 - ENDOWMENT

The Endowments. The Foundation's Endowment Fund consists of one fund established for support of operations and facility maintenance costs and includes donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law. The Board of Trustees has interpreted the Uniform Prudent Management Institutional Funds Act (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 stipulations to the contrary. As a result of this interpretation, the Foundation classifies the following amounts as permanently restricted net assets in the accompanying consolidated financial statements:

- the original value of the gifts donated to the permanent endowment;
- the original value of subsequent gifts to the permanent endowment;
- when applicable, 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. There were no additional gifts during the years ended June 30, 2016 and 2015.

Note 14 - ENDOWMENT (Continued)

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure 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:

- the duration and preservation of the fund;
- the purposes of the Foundation 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 of investments;
- other resources of the Foundation;
- the investment policies of the Foundation.

Endowment net asset composition by type of fund as of June 30, 2016 and 2015 is as follows:

	2016		
	Unrestricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 947,884	\$ 947,884
	2015		
	Unrestricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 947,884	\$ 947,884

Note 14 - ENDOWMENT (Continued)

Changes in endowment net assets for the years ending June 30, 2016 and 2015 are as follows:

	2016		
	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Net assets, beginning of the year	\$ -	\$ 947,884	\$ 947,884
Investment loss	(46,246)	-	(46,246)
Transfers from operations	<u>46,246</u>	<u>-</u>	<u>46,246</u>
Net assets, end of the year	<u>\$ -</u>	<u>\$ 947,884</u>	<u>\$ 947,884</u>
	2015		
	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Net assets, beginning of the year	\$ -	\$ 947,884	\$ 947,884
Investment income	4,387	-	4,387
Transfers to operations	<u>(4,387)</u>	<u>-</u>	<u>(4,387)</u>
Net assets, end of the year	<u>\$ -</u>	<u>\$ 947,884</u>	<u>\$ 947,884</u>

Funds with Deficiencies. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that either the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. These deficiencies can result from unfavorable market fluctuations and when continued appropriations for certain programs that were deemed prudent by the Board of Trustees occur in concurrence with the unfavorable market fluctuations. There were no such deficiencies as of June 30, 2016 and 2015.

Return Objectives and Risk Parameters. Endowment assets include donor restricted funds that the Foundation must hold in perpetuity. Under the investment policy, as approved by the Board of Trustees, permanent gifts to the Foundation are invested in a combination of fixed income and equity investments placed with an investment advisor who has been provided with specific guidelines for the portfolio composition within certain percentage ranges. Such guidelines prohibit investments considered at high risk such as derivatives, commodities, futures, options, purchases on margins, and short sales. The finance committee receives reports from the investment advisor and periodically reviews the investment guidelines.

Note 14 - ENDOWMENT (Continued)

Strategies Employed for Achieving Objectives. To satisfy its long-term rate of return objectives, management believes that asset allocation is the major determinant of investment performance and relies on a long-term asset allocation plan, consistent with the Foundation's investment objectives and performance goals. The Foundation targets a diversified asset allocation that is divided between equities (range between 65% and 85% with a target of 75%) and fixed income (range between 15% and 35% with a target of 25%).

Spending Policy and How Investment Objectives Relate to the Spending Policy. The Foundation adopted a policy of appropriating for distribution for operational spending, no more than 5% annually of the total endowment fund, including earnings. Earnings that exceed the allowed annual distribution shall remain in the fund to offset potential market losses so as to preserve the original corpus of the donor-restricted endowment funds.

Note 15 - IN-KIND SUPPORT - RENTAL VALUE OF LEASED FACILITIES AND OTHER

The television station, transmission tower, and land are leased through November 30, 2023, at \$1 per year. The fair market rental value as established by WVUE for the tower, antenna, and land occupied by the Foundation was \$86,250 for the year ended June 30, 2016. This value was approximately \$120,000 for the year ended June 30, 2015.

The fair value of transmission equipment owned by Louisiana Public Broadcasting and leased to the Foundation for no rent was \$213,029 and \$304,802 for the years ended June 30, 2016 and 2015, respectively.

The television studio and office building are located on land leased through January 31, 2035 at \$1 per year. An independent appraisal performed in April 2016 established a fair rental value for the land at \$200,000. The established rental value was \$49,001 for the year ended June 30, 2015.

The Foundation recorded the value of certain in-kind goods and services received of \$32,007 and \$56,917 for the years ended June 30, 2016 and 2015, respectively.

**Note 15 - IN-KIND SUPPORT - RENTAL VALUE OF LEASED FACILITIES AND OTHER
(Continued)**

The fair rental values of the above described properties have been recorded as support and expenses in the years ended June 30, 2016 and 2015 as follows:

	2016	2015
<u>Support</u>		
Transmitter in-kind rent:		
Tower and facility	\$ 86,250	\$ 120,000
Transmission equipment	213,029	304,802
Studio and office building in-kind rent	200,000	49,001
Other goods and services	32,007	56,917
Total in-kind support	\$ 531,286	\$ 530,720
 <u>Expenditures</u>		
Tower rental	\$ 86,250	\$ 120,000
Transmission equipment	213,029	304,802
Land rental	200,000	49,001
Donated goods and services	32,007	56,917
Total expenditures	\$ 531,286	\$ 530,720

Numerous volunteers have donated significant amounts of time to the Foundation's fund-raising campaigns and programs. No amounts have been reflected in the consolidated financial statements because they did not meet the criteria for recognition under FASB ASC 958, *Not-for-profit entities*.

Note 16 - COMMITMENTS AND CONTINGENCIES

The television studio and office building are located on land leased from the City of New Orleans for \$1 per year for a 50 year period ending January 31, 2035.

The Foundation began outsourcing some of their accounting responsibilities to National Educational Telecommunications Association (NETA) in July 2013. The professional fees under this agreement totaled \$64,000 and \$66,500 for the years ended June 30, 2016 and 2015, respectively. The agreement was revised and updated effective July 1, 2016 through June 30, 2017 with annual payment totaling \$56,500 for the fiscal year.

Note 16 - COMMITMENTS AND CONTINGENCIES (Continued)

YESCOM leased a facility to store its trucks starting in July 2011 under an operating lease through July 2016. This lease was amended on June 28, 2016 and extended to July 31, 2017. The monthly lease payment was \$4,000 per month, increasing to \$4,500 per month in August 2016. Rent expense was \$48,000 and \$45,250 for the years ended June 30, 2016 and 2015, respectively.

Future minimum lease payments due on these leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 53,500
2018	<u>4,500</u>
	<u>\$ 58,000</u>

If there is a breach of the loan agreements (Notes 12 and 13) between WYES GO and the Lender, and the Lender is required to recapture all or part of the New Markets Tax Credit that they claimed, the Foundation has agreed to pay to the Lender an amount equal to the sum of the credits recaptured. The maximum aggregate amount due under the clauses in the agreement governing these possible recaptures is approximately \$3,120,000. Management believes there are no breaches of these agreements.

The Foundation entered into a contract related to the construction of a new building (Capital Campaign Phase II) totaling approximately \$6,904,000. As of June 30, 2016, the Foundation has incurred construction in progress related to this contract totaling approximately \$1,798,000.

Note 17 - UNRELATED BUSINESS INCOME

Revenues from certain projects are considered unrelated business income of a nonprofit organization by the Internal Revenue Service. Any net operating profits derived from such projects are subject to Federal unrelated business income tax.

The Foundation derives revenue from the rental of the remote production vehicles (see Note 18). This income is reported as unrelated business income in the Foundation's Exempt Organization Business Income Tax Return ("Form 990T"). For the years ended June 30, 2016 and 2015, the Foundation reported income tax expense from its unrelated business income activities of approximately \$6,800 and \$17,500, respectively. As of June 30, 2016, there was a refundable income tax of approximately \$12,000. As of June 30, 2015, income tax payable was approximately \$2,300.

Note 18 - SUBSIDIARY OPERATIONS AND INCOME TAXES

Yescom, the Foundation's wholly-owned subsidiary, derives income by providing remote production services with two remote production vehicles, production services at the Foundation's facility, and other services to third parties. This income is reported in Yescom's U.S. Corporation Income Tax Returns. For the years ended June 30, 2016 and 2015, Yescom reported no tax expense as it had net operating losses.

Yescom has accumulated net operating losses which are carried forward to reduce any future taxable income. The net operating loss carryforward of \$132,000 will begin expiring if not used by 2033.

Note 19 - BROADCAST HOURS

Broadcast hours of the television station were 8,760 (unaudited) on each of the 3 channels for a total of 26,280 hours for both of the years ended June 30, 2016 and 2015.

Note 20 - RETIREMENT PLAN

The Foundation has a retirement program whereby its employees participate in the TIAA-CREF Retirement Annuity Program, a Tax-Sheltered Annuity. The program requires the Foundation to match the 3% contribution of an employee with a 7% contribution. As of June 30, 2016, 26 employees were participating in the program. Retirement expenses under this plan totaled \$99,096 and \$88,848 for the years ended June 30, 2016 and 2015, respectively.

Note 21 - SUPPLEMENTAL CASH FLOWS INFORMATION

Cash payments of interest (for notes payable and short term financing arrangements) during the years ended June 30, 2016 and 2015 were approximately \$192,000 and \$191,000, respectively. Cash payments of income taxes during the year ended June 30, 2016 were approximately \$19,200. No payments were made during the year ended June 30, 2015.

The non-cash investing and financing transactions of the Foundation for the year ended June 30, 2016 include property and equipment acquisitions of \$292,374 through accounts payable.

Note 22 - RISKS AND UNCERTAINTIES

In general, investment securities are exposed to various risks, such as interest rate, currency, and credit and market volatility. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in risk in the near term would materially affect the fair market value of investments held by the Foundation.

Note 23 - RELATED PARTY TRANSACTIONS

The Foundation rents equipment and purchases other production services from M3 Systems, which is partly owned by the president of Yescom. Rentals and services purchased from M3 totaled approximately \$24,000 and \$35,000 for the years ended June 30, 2016 and 2015, respectively.

SUPPLEMENTAL INFORMATION

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

**Greater New Orleans Educational
Television Foundation and Subsidiaries**

June 30, 2016

	Foundation	Yescom	WYES Media Services	Yes/Besh	WYES GO	Eliminations	Totals
Assets							
Cash and cash equivalents	\$ 317,324	\$ 4,540	\$ 2,677	\$ -	\$ 850	\$ -	\$ 325,391
Restricted cash	709,797	-	-	-	-	-	709,797
Accounts receivable, net	221,662	410,326	12,500	-	-	-	644,488
Capital campaign pledges receivable, net	1,672,837	-	-	-	-	-	1,672,837
Note receivable	7,485,811	-	-	-	-	-	7,485,811
Prepaid expenses and deposits	68,641	10,924	7,500	-	-	-	87,065
Investments	3,110,141	-	-	-	-	-	3,110,141
Property and equipment, net of accumulated depreciation	4,398,430	-	-	-	6,149,325	-	10,547,755
Investment in Yescom (subsidiary)	10,000	-	-	-	-	(10,000)	-
Due from subsidiaries, net	-	-	83,078	-	182,357	(265,435)	-
Total assets	<u>\$ 17,994,643</u>	<u>\$ 425,790</u>	<u>\$ 105,755</u>	<u>\$ -</u>	<u>\$ 6,332,532</u>	<u>\$ (275,435)</u>	<u>\$ 24,583,285</u>
Liabilities							
Accounts payable and accrued expenses	\$ 456,332	\$ 141,111	\$ -	\$ -	\$ 88,039	\$ -	\$ 685,482
Notes payable to bank	1,533,932	-	-	-	-	-	1,533,932
Deferred revenue	1,433,120	-	-	-	-	-	1,433,120
Note payable - Community Development Entity	-	-	-	-	8,000,000	-	8,000,000
Due to/from parent, net	91,460	173,975	-	-	-	(265,435)	-
Total liabilities	<u>3,514,844</u>	<u>315,086</u>	<u>-</u>	<u>-</u>	<u>8,088,039</u>	<u>(265,435)</u>	<u>11,652,534</u>
Net Assets							
Common stock	-	10,000	-	-	-	(10,000)	-
Net assets (deficit):							
Unrestricted							-
Undesignated	11,035,568	100,704	105,755	-	(1,755,507)	-	9,486,520
	11,035,568	100,704	105,755	-	(1,755,507)	-	9,486,520
Temporarily restricted	2,496,347	-	-	-	-	-	2,496,347
Permanently restricted	947,884	-	-	-	-	-	947,884
Total net assets (deficit) and common stock	<u>14,479,799</u>	<u>110,704</u>	<u>105,755</u>	<u>-</u>	<u>(1,755,507)</u>	<u>(10,000)</u>	<u>12,930,751</u>
Total liabilities, net assets (deficit) and common stock	<u>\$ 17,994,643</u>	<u>\$ 425,790</u>	<u>\$ 105,755</u>	<u>\$ -</u>	<u>\$ 6,332,532</u>	<u>\$ (275,435)</u>	<u>\$ 24,583,285</u>

CONSOLIDATING STATEMENT OF ACTIVITIES**Greater New Orleans Educational
Television Foundation and Subsidiaries**

For the year ended June 30, 2016

	<u>Foundation</u>	<u>Yescom</u>	<u>WYES Media Services</u>	<u>Yes/Besh</u>	<u>WYES GO</u>	<u>Eliminations</u>	<u>Totals</u>
Changes in Unrestricted Net Assets							
Support and revenues:							
Support:							
Contributions	\$ 2,294,996	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,294,996
Grants from the Corporation for Public Broadcasting	575,075	-	-	-	-	-	575,075
Other grants	-	-	195,798	-	-	-	195,798
Other support	195,734	-	-	149,493	-	-	345,227
In-kind support	531,286	-	-	-	-	-	531,286
State of Louisiana capital grant	199,410	-	-	-	-	-	199,410
Revenues:							
Miscellaneous sales, net loss	997	-	-	-	-	-	997
Contract and production services	1,282,072	3,935,319	-	-	-	(1,233,400)	3,983,991
Investment income	144,836	-	-	-	7	-	144,843
Management fees	-	-	-	-	1,118,932	(1,118,932)	-
Total unrestricted support and revenues	5,224,406	3,935,319	195,798	149,493	1,118,939	(2,352,332)	8,271,623
Net assets released from restrictions	1,517,992	-	-	-	-	-	1,517,992
Transfers	17,047	-	-	(17,047)	-	-	-
Total unrestricted support and revenues	6,759,445	3,935,319	195,798	132,446	1,118,939	(2,352,332)	9,789,615

**Schedule 2
(Continued)**

	Foundation	Yescom	WYES Media Services	Yes/Besh	WYES GO	Eliminations	Totals
Changes in Unrestricted Net Assets (Continued)							
Expenses:							
Program services	2,451,840	3,597,330	219,950	137	1,136,558	(1,233,400)	6,172,415
Management and general	2,388,229	376,921	-	-	298,380	(1,118,932)	1,944,598
Development	887,765	-	-	-	44,995	-	932,760
Total expenses	<u>5,727,834</u>	<u>3,974,251</u>	<u>219,950</u>	<u>137</u>	<u>1,479,933</u>	<u>(2,352,332)</u>	<u>9,049,773</u>
Increase (decrease) in unrestricted net assets	<u>1,031,611</u>	<u>(38,932)</u>	<u>(24,152)</u>	<u>132,309</u>	<u>(360,994)</u>	<u>-</u>	<u>739,842</u>
Changes in Temporarily Restricted Net Assets							
Support:							
Capital campaign	20,000	-	-	-	-	-	20,000
State of Louisiana capital grant	219,883	-	-	-	-	-	219,883
Revenues:							
Investment income	1,390	-	-	-	-	-	1,390
Total restricted support and revenues	<u>241,273</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>241,273</u>
Net assets released from restrictions	<u>(1,517,992)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,517,992)</u>
Decrease in temporarily restricted net assets	<u>(1,276,719)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,276,719)</u>
Changes in Permanently Restricted Net Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Assets	(245,108)	(38,932)	(24,152)	132,309	(360,994)	-	(536,877)
Net Assets (Deficit)							
Beginning of year	<u>14,724,907</u>	<u>139,636</u>	<u>129,907</u>	<u>(132,309)</u>	<u>(1,394,513)</u>	<u>-</u>	<u>13,467,628</u>
End of year	<u>\$ 14,479,799</u>	<u>\$ 100,704</u>	<u>\$ 105,755</u>	<u>\$ -</u>	<u>\$ (1,755,507)</u>	<u>\$ -</u>	<u>\$ 12,930,751</u>

CONSOLIDATED SCHEDULE OF SUPPORT AND REVENUES**Greater New Orleans Educational
Television Foundation and Subsidiaries**

For the year ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Support and Revenues				
Support:				
Contributions:				
Membership and general	\$ 895,690			\$ 895,690
Capital campaign	187,395	\$ 20,000		207,395
Local business support	72,000			72,000
Major gifts	283,455			283,455
Program and production underwriting	681,456			681,456
Support from commercial station - transmitter	<u>175,000</u>			<u>175,000</u>
Total contributions	<u>2,294,996</u>	<u>20,000</u>		<u>2,314,996</u>
Grants from the Corporation for Public Broadcasting	<u>575,075</u>			<u>575,075</u>
Other grants:				
Grants - foundations and agencies	<u>195,798</u>			<u>195,798</u>
Other support:				
Special events	172,125			172,125
Louisiana film tax credits	149,493			149,493
Miscellaneous	<u>23,609</u>			<u>23,609</u>
Total other support	<u>345,227</u>			<u>345,227</u>
In-kind support:				
Rent:				
Transmission equipment	213,029			213,029
Transmitter	86,250			86,250
Land	200,000			200,000
Goods and services	<u>32,007</u>			<u>32,007</u>
Total in-kind support	<u>531,286</u>			<u>531,286</u>
State of Louisiana capital grant	<u>199,410</u>	<u>219,883</u>		<u>419,293</u>
Total support	<u>4,141,792</u>	<u>239,883</u>	-	<u>4,381,675</u>

**Schedule 3
(Continued)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Support and Revenues (Continued)				
Total support (carried forward)	4,141,792	239,883	-	4,381,675
Revenues:				
Miscellaneous sales, net	997			997
Contract and production services:				
Contract services	1,201,874			1,201,874
Production services	2,733,445			2,733,445
Tower rental	48,672			48,672
Total contract and production services	3,983,991			3,983,991
Investment income:				
Interest income, net of custodian fees	412,569	1,390		413,959
Net unrealized loss on investments	(338,091)			(338,091)
Net realized gain on investments	70,365			70,365
Total investment income	144,843	1,390		146,233
Total revenues	4,129,831	1,390	-	4,131,221
Total support and revenues	\$ 8,271,623	\$ 241,273	\$ -	\$ 8,512,896

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

To the Board of Trustees,
Greater New Orleans Educational Television Foundation,
New Orleans, Louisiana.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the consolidated financial statements of Greater New Orleans Educational Television Foundation and Subsidiaries as of June 30, 2016, and the related notes to the consolidated financial statements and have issued our report thereon dated October 17, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Foundation and Subsidiaries' internal control over financial reporting ("internal control") to determine audit procedures that are appropriate in the circumstances for the propose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation and Subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation and Subsidiaries' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Foundation and Subsidiaries' consolidated financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be a material weakness or significant deficiencies. Given these limitations, during our audit we will not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Greater New Orleans Educational Television Foundation and Subsidiaries' consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Bourgeois Bennett, L.L.C." in a cursive script.

Certified Public Accountants.

New Orleans, Louisiana.
October 17, 2016.

SCHEDULE OF FINDINGS AND RESPONSES

Greater New Orleans Educational Television Foundation and Subsidiaries

For the year ended June 30, 2016

Section I - Summary of Auditor's Report

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be a material weakness? Yes None reported

Noncompliance material to consolidated financial statements noted? Yes No

b) Federal Awards

The Greater New Orleans Educational Television Foundation did not expend more than \$750,000 in Federal awards during the year ended June 30, 2016, and therefore, was exempt from the audit requirements under Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

Section II - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

No internal control over financial reporting findings was reported during the audit for the year ended June 30, 2016.

**Section II - Internal Control Over Financial Reporting and Compliance and Other Matters
Material to the Basic Financial Statements (Continued)**

Compliance and Other Matters

There were no findings reported during the audit for the year ended June 30, 2016 related to compliance and other matters.

Section III - Internal Control and Compliance Material to Federal Awards

The Greater New Orleans Educational Television Foundation did not expend more than \$750,000 in Federal awards during the year ended June 30, 2016, and therefore, was exempt from the audit requirements under Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Greater New Orleans Educational Television Foundation and Subsidiaries

For the year ended June 30, 2016

Section I - Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were reported during the audit of the consolidated financial statements for the year ended June 30, 2015.

No significant deficiencies were reported during the audit of the consolidated financial statements for the year ended June 30, 2015.

Compliance

No compliance findings material to the consolidated financial statements were noted during the audit for the year ended June 30, 2015.

Section II - Internal Control and Compliance Material to Federal Awards

Greater New Orleans Educational Television Foundation and Subsidiaries did not expend Federal awards during the year ended June 30, 2015.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2015.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Greater New Orleans Educational Television Foundation and Subsidiaries

For the year ended June 30, 2016

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

There were no findings noted during the audit for the year ended June 30, 2016 related to internal control over financial reporting material to the basic financial statements.

Compliance and Other Matters

There were no findings material to the financial statements noted during the audit for the year ended June 30, 2016 related to compliance and other matters.

Section II - Internal Control and Compliance Material to Federal Awards

The Greater New Orleans Educational Television Foundation did not expend more than \$750,000 in Federal awards during the year ended June 30, 2016, and therefore, was exempt from the audit requirements under Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2016.