

**THE PUBLIC BROADCASTING COUNCIL
OF CENTRAL NEW YORK, INC.
(A Non-Profit New York Corporation)
AND AFFILIATES**

Consolidated Financial Statements and
Other Financial Information

June 30, 2012 and 2011

**THE PUBLIC BROADCASTING COUNCIL
OF CENTRAL NEW YORK, INC.
(A Non-Profit New York Corporation)
AND AFFILIATES**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
The Public Broadcasting Council of
Central New York, Inc. and Affiliates:

We have audited the accompanying consolidated statements of financial position of The Public Broadcasting Council of Central New York, Inc. and Affiliates as of June 30, 2012 and 2011, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Public Broadcasting Council of Central New York, Inc. and Affiliates as of June 30, 2012 and 2011, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information in Schedules 1 through 6 are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations and cash flows of the individual companies. 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. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Fust Charles Chambers LLP

October 16, 2012

**THE PUBLIC BROADCASTING COUNCIL
OF CENTRAL NEW YORK, INC.
(A Non-Profit New York Corporation)
AND AFFILIATES**

Consolidated Statements of Financial Position

June 30, 2012 and 2011

<u>Assets</u>	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	\$ 161,761	7,960
Accounts receivable - underwriting, net of allowance of approximately \$36,000 in 2012 and \$38,000 in 2011	198,757	277,565
Pledges receivable - membership, net of allowance of approximately \$10,000 in 2012 and \$8,000 in 2011	29,524	28,366
Pledges receivable, net - capital campaign	491,983	107,196
Grants and other receivables	189,678	330,825
Prepaid broadcasting rights	55,123	22,118
Assets limited as to use:		
Construction fund (note 1(f))	11,670,416	-
New Market Tax Credit reserve fund (note 1 (f))	978,775	-
Capital campaign funds	15,092	76,385
Cash held in escrow	-	381,483
Other assets	30,263	26,352
Investment in Centralcast, LLC	849,269	-
Broadcast facilities and equipment, net	11,069,368	4,450,395
Leveraged loan receivable (note 3)	14,696,861	-
Prepaid tower lease	645,000	705,000
Deferred financing costs	1,102,287	-
Cash surrender value of insurance	647,163	628,697
	<u>\$ 42,831,320</u>	<u>7,042,342</u>
<u>Liabilities and Net Assets</u>		
Long-term debt obligations	24,296,357	436,329
Line of credit	291,000	225,000
Accounts payable	1,946,532	1,288,057
Accrued and other expenses	324,405	263,929
Deferred revenue	132,737	165,690
Deferred compensation obligation	451,867	480,739
Total liabilities	<u>27,442,898</u>	<u>2,859,744</u>
Net assets:		
Unrestricted	11,452,426	3,910,511
Temporarily restricted	3,935,996	272,087
Total net assets	<u>15,388,422</u>	<u>4,182,598</u>
Commitments and contingencies (notes 9 and 11)		
	<u>\$ 42,831,320</u>	<u>7,042,342</u>

See accompanying notes to the consolidated financial statements.

**THE PUBLIC BROADCASTING COUNCIL
OF CENTRAL NEW YORK, INC.
(A Non-Profit New York Corporation)
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Consolidated Statements of Activities and Changes in Net Assets

Years ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Unrestricted revenues:		
Contributions:		
Membership	\$ 1,478,264	1,552,749
Donations, grants, events and sales	162,285	335,751
Net assets released from restrictions - membership/education	36,614	36,506
	1,677,163	1,925,006
Other support and revenue:		
Auctions	470,271	458,268
NYS education department grants	1,015,700	1,127,019
Public Broadcasting funding	1,001,202	1,000,845
Underwriting	959,614	1,049,091
Axxess production revenue (note 1(o))	139,535	315,168
Rent and facilities	118,655	108,232
Investment income	80,866	65,345
In-kind, trade and miscellaneous	147,646	42,856
	3,933,489	4,166,824
Total contributions, other support and revenue	5,610,652	6,091,830
Expenses:		
Salaries, wages and commissions	2,901,465	2,847,613
Payroll taxes and employee benefits	493,914	440,294
Contracted services, freelance and fees	202,079	209,230
Production costs	28,497	38,725
Program acquisition costs	59,878	58,966
Public Broadcasting dues and fees	978,020	993,666
Printing expenses	120,249	110,963
Advertising and promotion	167,086	174,153
Direct mail, postage and shipping	211,972	214,074
Staff and volunteer expenses	75,331	74,440
Human resource expenses	22,774	22,316
Office supplies and expenses	45,898	41,449
Items for sale and premiums	38,398	37,780
Telephone and internet communications	60,532	59,688
Building and equipment repairs and maintenance	129,969	115,568
Vehicle expenses	7,428	7,760
Software, internet and data processing	61,581	42,306
Lease property	101,681	102,727
Utilities	199,345	247,319
Business insurance costs	52,803	55,685
Interest and other fees	256,597	62,063
Credit card charges and bad debt expense	48,348	64,720
	6,263,845	6,021,505
Expenses before depreciation and amortization and tower lease expense	6,263,845	6,021,505
Net operating activities before depreciation and amortization and tower lease expense	(653,193)	70,325
Depreciation and amortization	627,690	596,320
Tower lease expense	60,000	60,000
	6,951,535	6,677,825
Total expenses	6,951,535	6,677,825
Net operating activities	(1,340,883)	(585,995)

**THE PUBLIC BROADCASTING COUNCIL
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Consolidated Statements of Activities and Changes in Net Assets, Continued
Years ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Non-operating activities:		
Contributions and grants for capital purchases	8,793,908	445,910
Net gain from investment in Centralcast, LLC	70,000	-
Net assets released from restrictions - capital	<u>18,890</u>	<u>9,917</u>
Total non-operating activities	<u>8,882,798</u>	<u>455,827</u>
Increase (decrease) in unrestricted net assets	<u>7,541,915</u>	<u>(130,168)</u>
Temporarily restricted net assets:		
Restricted contributions - education	-	8,248
Restricted contributions - membership	29,524	28,366
Restricted contributions - capital	2,615,406	18,890
Capital campaign contributions	332,938	40,000
Net gain from investment in Centralcast, LLC	741,545	-
Net assets released from restrictions - membership/education	(36,614)	(36,506)
Net assets released from restrictions - capital	<u>(18,890)</u>	<u>(9,917)</u>
Increase in temporarily restricted net assets	<u>3,663,909</u>	<u>49,081</u>
Increase (decrease) in net assets	11,205,824	(81,087)
Net assets at beginning of year	<u>4,182,598</u>	<u>4,263,685</u>
Net assets at end of year	<u>\$ 15,388,422</u>	<u>4,182,598</u>

See accompanying notes to the consolidated financial statements.

**THE PUBLIC BROADCASTING COUNCIL
OF CENTRAL NEW YORK, INC.
(A Non-Profit New York Corporation)
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Consolidated Statements of Cash Flows
Years ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Reconciliation of change in net assets to net cash used in operating activities:		
Change in net assets	\$ 11,205,824	(81,087)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	627,690	596,320
Lease amortization	60,000	60,000
Change in net unrealized and realized gain on investments	-	(38,292)
Provision for bad debts	1,390	21,063
Restricted contributions for capital purposes	(11,742,252)	(470,455)
Net gain from investment in Centralcast, LLC	(849,269)	-
Changes in operating assets and liabilities:		
Accounts receivable	77,418	(67,096)
Pledges receivable - membership	(1,158)	8,140
Pledges receivable - capital campaign	(384,787)	35,304
Prepaid broadcasting rights	(33,005)	17,307
Grants and other receivables	141,147	(182,510)
Other assets	(10,762)	(16,297)
Accounts payable	98,603	43,970
Accrued and other expenses	60,476	(699)
Deferred compensation obligation	(28,872)	(25,202)
Deferred revenue	(32,953)	(34,197)
Net cash used in operating activities	<u>(810,510)</u>	<u>(133,731)</u>
Cash flows from investing activities:		
Increase in leveraged loan receivable	(14,696,861)	-
Increase in cash surrender value of insurance	(18,466)	(17,107)
Increase in assets limited as to use	(12,206,415)	(443,368)
Capital expenditures	(6,567,108)	(439,341)
Decrease in investments, net	6,851	384,876
Net cash used in investing activities	<u>(33,481,999)</u>	<u>(514,940)</u>
Cash flows from financing activities:		
Proceeds from issuance of long-term obligations	24,428,080	-
Payments for deferred financing costs	(1,221,970)	-
Principal payments on long-term debt obligations	(568,052)	(112,431)
Proceeds from line of credit, net	66,000	75,000
Proceeds from restricted contributions for capital purposes	11,742,252	470,455
Net cash provided by financing activities	<u>34,446,310</u>	<u>433,024</u>
Net increase (decrease) in cash and cash equivalents	153,801	(215,647)
Cash and cash equivalents at beginning of year	<u>7,960</u>	<u>223,607</u>
Cash and cash equivalents at end of year	<u>\$ 161,761</u>	<u>7,960</u>

See accompanying notes to the consolidated financial statements.

**THE PUBLIC BROADCASTING COUNCIL
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Notes to Consolidated Financial Statements

June 30, 2012 and 2011

(1) Summary of Significant Accounting Policies

(a) Nature of Operations

The Public Broadcasting Council of Central New York, Inc. is a non-profit New York Corporation which operates a non-commercial public television station and a non-commercial public FM radio station in Syracuse, New York, (WUNY) in Utica, New York and (WJNY) in Watertown, New York. The Public Broadcasting Council of Central New York, Inc. (WCNY) maintains its accounting records in conformity with the Principles of Accounting and Financial Reporting for Public Telecommunication Entities mandated by The Corporation for Public Broadcasting (CPB), which is in accordance with accounting principles generally accepted in the United States of America.

WCNY Foundation, Inc. (Foundation) is a non-profit New York Corporation established during 2011 to provide financial and administrative assistance to The Public Broadcasting Council of Central New York, Inc. and to oversee the design and facilitate the establishment, operation and maintenance of a television and radio broadcast facility. The Foundation Board of Directors is elected by the WCNY Board of Directors on an annual basis. Both boards currently consist of the same members.

Joint Master Control Operating Co., Inc. (JMC) is a non-profit organization established to provide operational and technical assistance to WCNY and to oversee the establishment, operations and maintenance of a centrally accessible programming system, for the use of WCNY, as well as other public radio and television broadcasting systems located within the State of New York. JMC operations are anticipated to begin December 31, 2012.

(b) Principles of Consolidation

The consolidated financial statements include the accounts of The Public Broadcasting Council of Central New York, Inc., WCNY Foundation, Inc. and Joint Master Control Operating Co., Inc. (the Council). All significant intercompany accounts and transactions have been eliminated in consolidation.

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Notes to Consolidated Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(c) 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 the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(d) Cash and Cash Equivalents

The Council considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Council maintains cash balances in a financial institution that customarily exceeds federally insured limits.

(e) Fair Value of Financial Instruments

The *Fair Value Measurements and Disclosures* Topic of the Financial Accounting Standards Board (FASB) *Accounting Standards Codification* provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). Inputs used to measure fair value are classified into the following hierarchy:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Quoted prices in active markets for similar assets or liabilities, or quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.
- Level 3 - Significant valuation assumptions not readily observable in a market.

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(1) Summary of Significant Accounting Policies, Continued

(e) Fair Value of Financial Instruments, Continued

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The fair value of all financial instruments approximates their carrying value, determined using Level 1 inputs for investments and assets limited as to use. Cash surrender value of life insurance is classified as Level 2. The value was determined by the underwriting insurance company's valuation models, which take into account the passage of time, mortality tables, interest rates, cash values for paid-up additions and dividend accumulations. The cash surrender value represents the guaranteed value the Council would receive upon surrender of the policy as of June 30, 2012.

(f) Assets Limited as to Use

Assets limited as to use consist of cash and cash equivalents and represents donor funds restricted for capital projects and funds held in escrow. Funds held in escrow represents funds to be used for the construction of a new building, interest costs and fees payable to the lenders in conjunction with the New Market Tax Credit (NMTC) transaction described in note 2.

(g) Accounts and Pledges Receivable

Accounts and pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debts and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Pledges receivable are discounted using risk-free interest rates (ranging from 0.6% - 1.3%) applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are subsequently met.

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Notes to Consolidated Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(h) Grants Receivable

Certain grants are restricted for the purchase of equipment and for the payment of certain operational expenses. When the Council is notified as a recipient of these grants, the amounts are included as temporarily restricted grant revenue or non-operating grants for capital purchases in the accompanying consolidated statements of activities and changes in net assets. Grants received with restrictions that are met in the same year in which the grant notification is received are classified as unrestricted or grants for capital purchases.

(i) Prepaid Broadcasting Rights

Prepaid broadcasting rights represent costs incurred for programs to be broadcast subsequent to fiscal year end. Such rights are amortized over the contract period.

(j) Deferred Financing Costs

Deferred financing costs relate principally to costs incurred in connection with obtaining the New Market Tax Credit long-term financing arrangement. Certain costs are being amortized over a seven-year period (new market tax credit period) while the remaining costs are amortized over the term of the related obligations using a method approximating the effective interest method. Amortization of approximately \$120,000 was charged to operations in 2012. Amortization expense will be approximately \$120,000 for each of the next five years.

(k) Broadcasting Facilities and Equipment

Broadcasting facilities and equipment are recorded at cost or, in the case of donated facilities and equipment, at their appraised value as of the date of receipt. Depreciation is calculated on the straight-line method over the estimated useful lives of the various classes of assets, using a mid-year convention for all additions ranging from 3 to 45 years.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. No impairment loss has been recorded by the Council for the years ended June 30, 2012 and 2011.

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Notes to Consolidated Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(l) Temporarily Restricted Net Assets

Temporarily restricted net assets are subject to donor stipulations that expire by the passage of time or can be fulfilled or removed by actions pursuant to the stipulations.

(m) Contributions and Other Support and Revenue

Contributions are generally available for unrestricted use in the year received unless specifically restricted by the donor. Unconditional promises to give are recorded as received. Unconditional promises to give are recorded at the present value of their net realizable value, net of discounts.

Grants and other contributions of cash and other assets are reported as temporarily restricted or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 consolidated statements of activities and changes in net assets as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

Contributed materials, supplies, facilities and property are recorded at their estimated fair value at the date of donation. The Council reports gifts of equipment, professional services, materials and other nonmonetary contributions as unrestricted revenue in the accompanying consolidated statements of activities and changes in net assets.

(n) In-kind Contributions and Donated Services

In-kind contributions and donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values at the date of donation. Donated personal services of nonprofessional volunteers, as well as national and local programming services, are not recorded as revenue and expense as there is no objective basis available to measure the value of such services.

Contributed advertising is recorded at the fair value of the contribution portion of the total value received.

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Notes to Consolidated Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(o) Axxess Production Revenue and Related Production Costs

The Council uses the percentage-of-completion method of accounting for production revenue, whereby the cumulative production revenue earned equals the ratio of costs incurred to the estimated total costs at completion applied to the total committed revenues from outside sponsors. Production costs include charges by subcontractors plus all direct labor and other direct costs. Indirect and general and administrative expenses are charged to expense as incurred.

Cost estimates on programs are reviewed periodically as the work progresses and adjustments, if needed, are reflected in the period in which the estimates are revised.

During 2012, Axxess Video provided production support services to the Council of approximately \$51,000 (valued as if these services were purchased from an outside vendor). As these are interdepartmental services, no related Axxess Video revenue has been recorded in the accompanying financial statements. Including these interdepartmental services provided to the Council, total Axxess Production revenue amounted to approximately \$191,000 for the year ended June 30, 2012. There were no interdepartmental services provided to the Council for the year ended June 30, 2011.

(p) Program and Production Underwriting

Revenue for program underwriting is recorded on a pro-rata basis for the period covered, and for production underwriting on an estimated percentage-of-completion basis.

(q) Advertising Costs

Advertising costs are expensed in the period in which they are incurred.

(r) Income Tax Status

WCNY, the Foundation and JMC are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code, and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code. WCNY, the Foundation and JMC are subject to federal income taxes on unrelated business income pursuant to Section 511 of the Internal Revenue Code.

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Notes to Consolidated Financial Statements

(1) Summary of Significant Accounting Policies, Continued

(r) Income Tax Status, Continued

The standards for accounting for uncertainty in income taxes establish a recognition threshold and measurement for income tax positions recognized in the Council's consolidated financial statements. These standards had no impact on the accompanying consolidated financial statements. As of June 30, 2012 and 2011, the Council did not have any unrecognized tax benefits or any related accrued interest or penalties.

The tax years open to examination by federal and state taxing authorities are 2009 through 2012.

(s) Reclassifications

Certain amounts in the 2011 financial statements have been reclassified to conform to the 2012 presentation.

(2) New Market Tax Credits

The Foundation is constructing a new 56,000 square foot television and radio broadcasting facility. In order to facilitate the construction of the facility, on July 26, 2011, WCNY and the Foundation closed on a New Market Tax Credit Transaction. The NMTC program permits taxpayers, who have made qualified equity investments in designated community development entities (CDE's), to receive credit against their federal income taxes. The credit is to be claimed over a seven-year credit allowance period.

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(2) New Market Tax Credits, Continued

WCNY received funds from different sources, comprised of grant proceeds (\$10,700,000) and loans (\$4,000,000) from a financial institution totalling approximately \$14,700,000. WCNY aggregated all such funds to make a leveraged loan to a special purpose investment fund owned substantially by an affiliate of the related financial institution. The special purpose investment fund used the proceeds of the leverage loan, together with equity contributed by the related financial institution to make “qualified equity investments” (QEI) in qualified CDE’s. The CDE’s used substantially all of each QEI to make “qualified low-income community investments” (QLICI Loan) on favorable terms to the Foundation as a “qualified active low-income community business” (QALICB). The NMTC transaction utilized four promissory notes to the Foundation totalling \$20,428,080 (note 8), collateralized by the related assets. The Foundation will use these proceeds to oversee the design and facilitate the establishment, operation and maintenance of the new facility. Upon completion of the project, the Foundation will lease the facility to WCNY.

The NMTC structure will remain in effect for a period of 7 years, until July 26, 2018 when the new market tax credit period expires. Built within the agreements are put and call options for WCNY to acquire 100% of the special purpose investment fund at a purchase price in the amount of \$1,000, and any transfer taxes or other closing costs paid or payable by the special purpose investment fund attributable to the exercise of the put option and/or sale of the special purpose investment fund interest and any amounts then due and owing from the Council to the special purpose investment fund.

Included within assets limited as to use, the Council has New Market Tax Credit Reserve accounts to be used for paying interest and fees due and payable to the CDEs pursuant to the respective agreements. The reserve escrow balance was approximately \$979,000 at June 30, 2012.

(3) Leveraged Loan Receivable

WCNY (leveraged lender) and Chase NMTC WCNY Investment Fund, LLC (borrower) entered into a loan agreement and promissory note on July 26, 2011, in the amount of \$14,696,861. Interest only payments to WCNY are payable at .50% through December 1, 2018. Beginning on December 1, 2018, installments including principal and interest of \$152,160 are due quarterly commencing on March 1, 2019 through September 1, 2044.

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Notes to Consolidated Financial Statements

(4) Investment in Centralcast, LLC

The Council is a member of Centralcast, LLC (the Company), a not-for-profit corporation, with various other New York State public broadcasting organizations, at various ownership percentages. The Company exists to establish and provide a joint master control facility for the benefit of all members. All members were required to make membership contributions to the Company for the year ended June 30, 2012. The Council's membership contribution was approximately \$108,000 at June 30, 2012. As the Council has the ability to exert significant influence but not control over the Company, the investment in the Company has been recorded under the equity method at June 30, 2012. The Council's investment in Centralcast LLC was \$849,269 at June 30, 2012.

(5) Pledges Receivable

Pledges receivable consist of the following at June 30:

	<u>2012</u>	<u>2011</u>
Pledges receivable - membership	\$ 39,412	36,802
Pledges receivable - capital campaign	<u>496,139</u>	<u>110,097</u>
Gross pledges receivable	535,551	146,899
Less:		
Allowance for uncollectible pledges	(9,888)	(8,436)
Present value discount on pledges	<u>(4,156)</u>	<u>(2,901)</u>
Total pledges	<u>\$ 521,507</u>	<u>135,562</u>

The expected collection of pledges receivable is as follows:

	<u>2012</u>	<u>2011</u>
Less than one year	\$ 279,983	70,970
One to five years	<u>241,524</u>	<u>64,592</u>
	<u>\$ 521,507</u>	<u>135,562</u>

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Notes to Consolidated Financial Statements

(6) Broadcasting Facilities and Equipment

Broadcasting facilities and equipment at June 30 are comprised of the following:

	<u>2012</u>	<u>2011</u>
Land	\$ 82,316	82,316
Studio building	275,000	275,000
Studio building improvements	1,772,972	1,770,089
Land leasehold	62,656	62,656
Transmitter building	48,934	48,934
Antenna, tower and transmitter	4,250,596	4,185,036
Satellite earth terminal	245,056	245,056
Translators	252,070	252,070
Studio equipment (TV)	6,853,369	6,851,369
Office furniture and fixtures	597,531	597,531
Computer hardware/software	570,529	535,084
Vehicles and equipment	71,287	71,287
Studio equipment (FM)	808,784	808,784
Construction-in-progress	8,322,734	1,323,828
	<u>24,213,834</u>	<u>17,109,040</u>
Less accumulated depreciation	<u>(13,144,466)</u>	<u>(12,658,645)</u>
	<u>\$ 11,069,368</u>	<u>4,450,395</u>

Depreciation expense approximated \$508,000 and \$596,000 for the years ended June 30, 2012 and 2011, respectively.

The estimated cost to complete the projects within construction-in-progress, which is more fully described in note 2 to the consolidated financial statements, is approximately \$12,000,000 at June 30, 2012.

A substantial portion of broadcasting facilities and equipment were purchased through federal and state grants, and therefore are subject to any liens associated with the grants. The Council has full and continued primary, equitable and/or beneficial interest in the equipment as long as such equipment continues to be used for intended purposes.

(7) Line of Credit

WCNY maintains a demand line of credit for borrowings up to \$400,000 with interest at prime (3.25% at June 30, 2012). This line is collateralized by WCNY's assets with the exception of WCNY's commercial real estate. WCNY has a total of \$291,000 outstanding on the line of credit as of June 30, 2012. The line is renewed annually.

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Notes to Consolidated Financial Statements

(8) Long-Term Debt Obligations

Long-term debt obligations consisted of the following at June 30:

	<u>2012</u>	<u>2011</u>
Promissory note A payable to the CDE - Enhanced Capital New Market Development Fund IX, LLC with a maturity date of September 1, 2051 and interest only at .437% payable quarterly through December 1, 2018, with quarterly installments including principal and interest of \$45,022 commencing on March 1, 2019	\$ 5,492,534	-
Promissory note B payable to the CDE - Enhanced Capital New Market Development Fund IX, LLC with a maturity date of September 1, 2051 and interest only at .437% payable quarterly through December 1, 2018, with quarterly installments including principal and interest of \$34,899 commencing on March 1, 2019	4,257,466	-
Promissory note A payable to the CDE - NDC New Markets Investments LXII, LLC and a maturity date of September 1, 2051 with interest only at .437% payable quarterly through December 1, 2018, with quarterly installments including principal and interest of \$49,308 commencing on March 1, 2019	6,015,356	-
Promissory note B payable to the CDE - NDC New Markets Investments LXII, LLC and a maturity date of September 1, 2051 with interest only at .437% payable quarterly through December 1, 2018, with a one-time principal payment of \$166,845 due on July 27, 2018. Quarterly installments including principal and interest of \$36,853 commence on March 1, 2019	4,662,724	-

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(8) Long-Term Debt Obligations, Continued

	<u>2012</u>	<u>2011</u>
A \$4,000,000 note payable to bank with a maturity date of July 26, 2015, with interest only at the one-month LIBOR rate plus 1.5% (1.75% at June 30, 2012). The entire principal balance, together with interest accrued and unpaid, shall be due and payable upon maturity. A portion of the loan in the amount of \$240,000 was reserved for advances to cover interest payments as they become due and payable on the loan (approximately \$183,000 is remaining at June 30, 2012). The note is collateralized by certain pledges receivable, and the Council's on-going capital campaign will be utilized to pay principal and interest over the term of the note	3,546,877	-
Mortgage payable to bank, due in monthly payments of \$2,204, including interest at 6.80% through February 2013. The mortgage is collateralized by the land, studio and office equipment	17,193	41,569
Mortgage payable to bank, due in monthly payments of \$1,368, including interest at 6.59% through March 2014. The mortgage is collateralized by the building	27,064	41,189
Note payable to bank, due in monthly principal payments of \$2,500 plus interest at prime plus 1.0% (4.25% at June 30, 2012) through January 2014. The mortgage is collateralized by the Council's assets with the exception of the Council's commercial real estate	45,000	75,000
Note payable to bank, due in monthly principal payments of \$3,869 plus interest at prime plus 1.0% (4.25% at June 30, 2012) through June 2017. The note is collateralized by the cash surrender value of the insurance policy	<u>232,143</u>	<u>278,571</u>
Total long-term debt obligations	<u>\$ 24,296,357</u>	<u>436,329</u>

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Notes to Consolidated Financial Statements

(8) Long-Term Debt Obligations, Continued

Annual required principal payments are as follows:

2013	\$ 106,206
2014	75,909
2015	46,429
2016	3,593,304
2017	46,429
Thereafter	<u>20,428,080</u>
	<u>\$ 24,296,357</u>

Cash paid for interest for the years ended June 30, 2012 and 2011 amounted to \$51,289 and \$59,950, respectively.

During the year ended June 30, 2012, approximately \$38,000 of net interest was capitalized in conjunction with the project more fully described in note 2 to the consolidated financial statements and is reflected in construction in progress.

(9) Leases

WCNY rents tower space to various companies under noncancellable operating leases. Minimum future rental income is approximately as follows:

2013	\$ 121,000
2014	122,000
2015	123,000
2016	104,000
2017	51,000
Thereafter	<u>173,000</u>
	<u>\$ 694,000</u>

Rental income earned on operating leases approximated \$119,000 and \$108,000 during 2012 and 2011, respectively.

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(9) Leases, Continued

WCNY has executed leases with private television stations for the use of transmitter tower facilities. Minimum future rental expense under noncancellable operating leases is approximately as follows:

2013	\$	105,000
2014		105,000
2015		105,000
2016		101,000
2017		104,000
Thereafter		<u>514,000</u>
	\$	<u><u>1,034,000</u></u>

Rental expense on operating leases approximated \$101,000 and \$102,000 during 2012 and 2011, respectively.

WCNY executed a 20-year prepaid lease for \$1,200,000 with a private television station for the use of the transmitter tower and related facilities. This lease amounting to \$645,000 and \$705,000 at June 30, 2012 and 2011, respectively, is amortized on a straight-line basis over 20 years through 2023.

(10) Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30:

		<u>2012</u>	<u>2011</u>
Education	\$	-	8,248
Membership		29,524	28,366
Capital		<u>3,906,472</u>	<u>235,473</u>
	\$	<u><u>3,935,996</u></u>	<u><u>272,087</u></u>

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Notes to Consolidated Financial Statements

(11) Commitments and Contingencies

Purchase commitments outstanding of approximately \$786,000 and \$816,000 at June 30, 2012 and 2011, respectively, relate to programming rights for programs not available for showing until subsequent periods.

The Council is party to various pending legal proceedings arising in the ordinary course of business. The Council's management and legal counsel have reviewed the probable outcome of these proceedings and the costs and expenses reasonably expected to be incurred. While the outcome of the pending proceedings cannot be predicted with certainty, based on its review, management believes that the liabilities that may result are not likely to have a material effect on the Council's liquidity, financial condition or change in net assets.

(12) Retirement Benefits

WCNY participates in contributory retirement plans administered by the Teachers Insurance Annuity Association of America (TIAA) and College Retirement Equities Fund (CREF) covering substantially all employees. WCNY's policy is to recognize the costs of these defined contribution plans currently. Total pension expense charged to operations relating to these plans was \$63,135 and \$44,946 for 2012 and 2011, respectively.

WCNY maintains a retirement agreement with its former president and chief executive officer, under a deferred compensation plan. In April of 2001, upon the officer's retirement, WCNY began making monthly payments of \$4,583 for life with right of survivorship (20 years certain). Accordingly, WCNY has recorded a liability based upon the present value of the estimated minimum payments.

(13) Functional Expenses

The Council primarily operates a non-commercial public television station, a non-commercial public FM radio station and a supporting foundation. Expenses related to operations are as follows at June 30:

	<u>2012</u>	<u>2011</u>
Programming	\$ 5,015,039	4,940,336
Fundraising activities	1,022,316	978,135
General and administrative	914,180	759,354
	<u>\$ 6,951,535</u>	<u>6,677,825</u>

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(14) Statements of Cash Flows - Supplemental Disclosures

The Foundation's non-cash investing activity for the years ended June 30 were as follows:

	<u>2012</u>	<u>2011</u>
Purchases of property and equipment financed through accounts payable	\$ 1,462,872	903,000

(15) Subsequent Event

Subsequent events have been evaluated through October 16, 2012, which is the date the financial statements were available to be issued.

**THE PUBLIC BROADCASTING COUNCIL
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Consolidating Statement of Financial Position

June 30, 2012

<u>Assets</u>	<u>WCNY</u>	<u>Foundation</u>	<u>JMC</u>	<u>Eliminations</u>	<u>Consolidated</u>
Cash and cash equivalents	\$ 10,352	151,409	-	-	161,761
Accounts receivable - underwriting, net of allowance of approximately \$36,000 in 2012	198,757	-	-	-	198,757
Pledges receivable - membership, net of allowance of approximately \$10,000 in 2012	29,524	-	-	-	29,524
Pledges receivable, net - capital campaign	491,983	-	-	-	491,983
Due from affiliate	57,450	2,598	-	(60,048)	-
Grants and other receivables	132,228	-	57,450	-	189,678
Prepaid broadcasting rights	55,123	-	-	-	55,123
Assets limited as to use:					
Construction fund (note 1(f))	-	11,670,416	-	-	11,670,416
New Market Tax Credit reserve fund (note 1 (f))	182,961	795,814	-	-	978,775
Capital campaign funds	15,092	-	-	-	15,092
Other assets	30,263	-	-	-	30,263
Investment in Centralcast, LLC	849,269	-	-	-	849,269
Broadcast facilities and equipment, net	3,121,188	7,948,180	-	-	11,069,368
Leveraged loan receivable (note 3)	14,696,861	-	-	-	14,696,861
Prepaid tower lease	645,000	-	-	-	645,000
Deferred financing costs	-	1,102,287	-	-	1,102,287
Cash surrender value of insurance policy	647,163	-	-	-	647,163
	<u>\$ 21,163,214</u>	<u>21,670,704</u>	<u>57,450</u>	<u>(60,048)</u>	<u>42,831,320</u>
<u>Liabilities and Net Assets</u>					
Long-term debt obligations	3,868,277	20,428,080	-	-	24,296,357
Line of credit	291,000	-	-	-	291,000
Accounts payable	460,327	1,486,205	-	-	1,946,532
Accrued and other expenses	324,405	-	-	-	324,405
Due to affiliate	2,598	-	57,450	(60,048)	-
Deferred revenue	132,737	-	-	-	132,737
Deferred compensation obligation	451,867	-	-	-	451,867
Total liabilities	<u>5,531,211</u>	<u>21,914,285</u>	<u>57,450</u>	<u>(60,048)</u>	<u>27,442,898</u>
Net assets:					
Unrestricted	11,696,007	(243,581)	-	-	11,452,426
Temporarily restricted	3,935,996	-	-	-	3,935,996
Total net assets (deficit)	<u>15,632,003</u>	<u>(243,581)</u>	<u>-</u>	<u>-</u>	<u>15,388,422</u>
Commitments and contingencies (notes 9 and 11)					
	<u>\$ 21,163,214</u>	<u>21,670,704</u>	<u>57,450</u>	<u>(60,048)</u>	<u>42,831,320</u>

See accompanying independent auditor's report.

**THE PUBLIC BROADCASTING COUNCIL
OF CENTRAL NEW YORK, INC.
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Consolidating Statement of Activities and Changes in Net Assets

For the year ended June 30, 2012

	<u>WCNY</u>	<u>Foundation</u>	<u>JMC</u>	<u>Eliminations</u>	<u>Consolidated</u>
Unrestricted revenues:					
Contributions:					
Membership	\$ 1,478,264	-	-	-	1,478,264
Donations, grants, events and sales	162,285	-	-	-	162,285
Net assets released from restrictions - membership/education	36,614	-	-	-	36,614
	<u>1,677,163</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,677,163</u>
Other support and revenue:					
Auctions	470,271	-	-	-	470,271
NYS education department grants	1,015,700	-	-	-	1,015,700
Public Broadcasting funding	1,001,202	-	-	-	1,001,202
Underwriting	959,614	-	-	-	959,614
Axxess production revenue (note 1(o))	139,535	-	-	-	139,535
Rent and facilities	118,655	-	-	-	118,655
Investment income	80,866	-	-	-	80,866
In-kind, trade and miscellaneous	147,646	-	57,450	(57,450)	147,646
	<u>3,933,489</u>	<u>-</u>	<u>57,450</u>	<u>(57,450)</u>	<u>3,933,489</u>
Total contributions, other support and revenue	<u>5,610,652</u>	<u>-</u>	<u>57,450</u>	<u>(57,450)</u>	<u>5,610,652</u>
Expenses:					
Salaries, wages and commissions	2,901,465	-	-	-	2,901,465
Payroll taxes and employee benefits	493,914	-	-	-	493,914
Contracted services, freelance and fees	202,079	-	57,450	(57,450)	202,079
Production costs	28,497	-	-	-	28,497
Program acquisition costs	59,878	-	-	-	59,878
Public Broadcasting dues and fees	978,020	-	-	-	978,020
Printing expenses	120,249	-	-	-	120,249
Advertising and promotion	167,086	-	-	-	167,086
Direct mail, postage and shipping	211,972	-	-	-	211,972
Staff and volunteer expenses	75,331	-	-	-	75,331
Human resource expenses	22,774	-	-	-	22,774
Office supplies and expenses	45,898	-	-	-	45,898
Items for sale and premiums	38,398	-	-	-	38,398
Telephone and internet communications	60,532	-	-	-	60,532
Building and equipment repairs and maintenance	129,969	-	-	-	129,969
Vehicle expenses	7,428	-	-	-	7,428
Software, internet and data processing	61,581	-	-	-	61,581
Lease property	101,681	-	-	-	101,681
Utilities	199,345	-	-	-	199,345
Business insurance costs	52,803	-	-	-	52,803
Interest and other fees	132,699	123,898	-	-	256,597
Credit card charges and bad debt expense	48,348	-	-	-	48,348
Expenses before depreciation and amortization and tower lease expense	<u>6,139,947</u>	<u>123,898</u>	<u>57,450</u>	<u>(57,450)</u>	<u>6,263,845</u>
Net operating activities before depreciation and amortization and tower lease expense	(529,295)	(123,898)	-	-	(653,193)
Depreciation and amortization	508,007	119,683	-	-	627,690
Tower lease expense	60,000	-	-	-	60,000
Total expenses	<u>6,707,954</u>	<u>243,581</u>	<u>57,450</u>	<u>(57,450)</u>	<u>6,951,535</u>
Net operating activities	<u>(1,097,302)</u>	<u>(243,581)</u>	<u>-</u>	<u>-</u>	<u>(1,340,883)</u>

**THE PUBLIC BROADCASTING COUNCIL
OF CENTRAL NEW YORK, INC.
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Consolidating Statement of Activities and Changes in Net Assets, Continued

For the year ended June 30, 2012

	<u>WCNY</u>	<u>Foundation</u>	<u>JMC</u>	<u>Eliminations</u>	<u>Consolidated</u>
Non-operating activities:					
Contributions and grants for capital purchases	8,793,908	-	-	-	8,793,908
Net gain from investment in Centralcast, LLC	70,000	-	-	-	70,000
Net assets released from restrictions - capital	18,890	-	-	-	18,890
	<u>8,882,798</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,882,798</u>
Total non-operating activities					
Increase (decrease) in unrestricted net assets	7,785,496	(243,581)	-	-	7,541,915
Temporarily restricted net assets:					
Restricted contributions - membership	29,524	-	-	-	29,524
Restricted contributions - capital	2,615,406	-	-	-	2,615,406
Capital campaign contributions	332,938	-	-	-	332,938
Net gain from investment in Centralcast, LLC	741,545	-	-	-	741,545
Net assets released from restrictions - membership/education	(36,614)	-	-	-	(36,614)
Net assets released from restrictions - capital	(18,890)	-	-	-	(18,890)
	<u>3,663,909</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,663,909</u>
Increase in temporarily restricted net assets					
Increase (decrease) in net assets	11,449,405	(243,581)	-	-	11,205,824
Net assets at beginning of year	4,182,598	-	-	-	4,182,598
Net assets (deficit) at end of year	<u>\$ 15,632,003</u>	<u>(243,581)</u>	<u>-</u>	<u>-</u>	<u>15,388,422</u>

See accompanying independent auditor's report.

**THE PUBLIC BROADCASTING COUNCIL
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Consolidating Statement of Cash Flows

For the year ended June 30, 2012

	<u>WCNY</u>	<u>Foundation</u>	<u>JMC</u>	<u>Consolidated</u>
Reconciliation of change in net assets to net cash used in operating activities:				
Change in net assets	\$ 11,449,405	(243,581)	-	11,205,824
Adjustments to reconcile change in net assets to net cash used in operating activities:				
Depreciation and amortization	508,007	119,683	-	627,690
Lease amortization	60,000	-	-	60,000
Provision for bad debts	1,390	-	-	1,390
Restricted contributions for capital purposes	(11,742,252)	-	-	(11,742,252)
Net gain from investment in Centralcast, LLC	(849,269)	-	-	(849,269)
Changes in operating assets and liabilities:				
Accounts receivable	77,418	-	-	77,418
Pledges receivable - membership	(1,158)	-	-	(1,158)
Pledges receivable - capital campaign	(384,787)	-	-	(384,787)
Prepaid broadcasting rights	(33,005)	-	-	(33,005)
Grants and other receivables	198,597	-	(57,450)	141,147
Other assets	(10,762)	-	-	(10,762)
Accounts payable	75,270	23,333	-	98,603
Accrued and other expenses	60,476	-	-	60,476
Deferred compensation obligation	(28,872)	-	-	(28,872)
Deferred revenue	(32,953)	-	-	(32,953)
Net cash used in operating activities	<u>(652,495)</u>	<u>(100,565)</u>	<u>(57,450)</u>	<u>(810,510)</u>
Cash flows from investing activities:				
Increase in leveraged loan receivable	(14,696,861)	-	-	(14,696,861)
Increase in cash surrender value of insurance	(18,466)	-	-	(18,466)
Increase in assets limited as to use, net	259,815	(12,466,230)	-	(12,206,415)
Change in due to/from affiliate, net	320,148	(377,598)	57,450	-
Capital expenditures	(456,800)	(6,110,308)	-	(6,567,108)
Decrease in investments, net	6,851	-	-	6,851
Net cash provided by (used in) investing activities	<u>(14,585,313)</u>	<u>(18,954,136)</u>	<u>57,450</u>	<u>(33,481,999)</u>
Cash flows from financing activities:				
Proceeds from issuance of long-term obligations	4,000,000	20,428,080	-	24,428,080
Payments for deferred financing costs	-	(1,221,970)	-	(1,221,970)
Principal payments on long-term debt obligations	(568,052)	-	-	(568,052)
Proceeds from line of credit, net	66,000	-	-	66,000
Proceeds from restricted contributions for capital purposes	11,742,252	-	-	11,742,252
Net cash provided by financing activities	<u>15,240,200</u>	<u>19,206,110</u>	<u>-</u>	<u>34,446,310</u>
Net increase in cash and cash equivalents	2,392	151,409	-	153,801
Cash and cash equivalents at beginning of year	7,960	-	-	7,960
Cash and cash equivalents at end of year	<u>\$ 10,352</u>	<u>151,409</u>	<u>-</u>	<u>161,761</u>

See accompanying independent auditor's report.

**THE PUBLIC BROADCASTING COUNCIL
OF CENTRAL NEW YORK, INC.
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Consolidating Statement of Financial Position

June 30, 2011

<u>Assets</u>	<u>WCNY</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Consolidated</u>
Cash and cash equivalents	\$ 7,960	-	-	7,960
Accounts receivable - underwriting, net of allowance of \$37,649 in 2011	277,565	-	-	277,565
Pledges receivable - membership, net of allowance of \$8,436 in 2011	28,366	-	-	28,366
Pledges receivable, net - capital campaign	107,196	-	-	107,196
Due from affiliate	375,000	-	(375,000)	-
Grants and other receivables	330,825	-	-	330,825
Prepaid broadcasting rights	22,118	-	-	22,118
Assets limited as to use:				
Cash held in escrow	381,483	-	-	381,483
Capital campaign funds	76,385	-	-	76,385
Other assets	26,352	-	-	26,352
Broadcast facilities and equipment, net	3,172,395	1,278,000	-	4,450,395
Prepaid tower lease	705,000	-	-	705,000
Cash surrender value of insurance	628,697	-	-	628,697
	<u>\$ 6,139,342</u>	<u>1,278,000</u>	<u>(375,000)</u>	<u>7,042,342</u>
<u>Liabilities and Net Assets</u>				
Long-term debt obligations	436,329	-	-	436,329
Line of credit	225,000	-	-	225,000
Accounts payable	385,057	903,000	-	1,288,057
Accrued and other expenses	263,929	-	-	263,929
Due to affiliate	-	375,000	(375,000)	-
Deferred revenue	165,690	-	-	165,690
Deferred compensation obligation	480,739	-	-	480,739
Total liabilities	<u>1,956,744</u>	<u>1,278,000</u>	<u>(375,000)</u>	<u>2,859,744</u>
Net assets:				
Unrestricted	3,910,511	-	-	3,910,511
Temporarily restricted	272,087	-	-	272,087
Total net assets	<u>4,182,598</u>	<u>-</u>	<u>-</u>	<u>4,182,598</u>
Commitments and contingencies (notes 9 and 11)				
	<u>\$ 6,139,342</u>	<u>1,278,000</u>	<u>(375,000)</u>	<u>7,042,342</u>

See accompanying independent auditor's report.

**THE PUBLIC BROADCASTING COUNCIL
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Consolidating Statement of Activities and Changes in Net Assets

For the year ended June 30, 2011

	<u>WCNY</u>	<u>Foundation</u>	<u>Consolidated</u>
Unrestricted revenues:			
Contributions:			
Membership	\$ 1,552,749	-	1,552,749
Donations, grants, events and sales	335,751	-	335,751
Net assets released from restrictions - membership	36,506	-	36,506
	<u>1,925,006</u>	<u>-</u>	<u>1,925,006</u>
Other support and revenue:			
Auctions	458,268	-	458,268
NYS education department grants	1,127,019	-	1,127,019
Public Broadcasting funding	1,000,845	-	1,000,845
Underwriting	1,049,091	-	1,049,091
Axxess production revenue (note 1(o))	315,168	-	315,168
Rent and facilities	108,232	-	108,232
Investment income	65,345	-	65,345
In-kind, trade and miscellaneous	42,856	-	42,856
	<u>4,166,824</u>	<u>-</u>	<u>4,166,824</u>
Total contributions, other support and revenue	<u>6,091,830</u>	<u>-</u>	<u>6,091,830</u>
Expenses:			
Salaries, wages and commissions	2,847,613	-	2,847,613
Payroll taxes and employee benefits	440,294	-	440,294
Contracted services, freelance and fees	209,230	-	209,230
Production costs	38,725	-	38,725
Program acquisition costs	58,966	-	58,966
Public Broadcasting dues and fees	993,666	-	993,666
Printing expenses	110,963	-	110,963
Advertising and promotion	174,153	-	174,153
Direct mail, postage and shipping	214,074	-	214,074
Staff and volunteer expenses	74,440	-	74,440
Human resource expenses	22,316	-	22,316
Office supplies and expenses	41,449	-	41,449
Items for sale and premiums	37,780	-	37,780
Telephone and internet communications	59,688	-	59,688
Building and equipment repairs and maintenance	115,568	-	115,568
Vehicle expenses	7,760	-	7,760
Software, internet and data processing	42,306	-	42,306
Lease property	102,727	-	102,727
Utilities	247,319	-	247,319
Business insurance costs	55,685	-	55,685
Interest and other fees	62,063	-	62,063
Credit card charges and bad debt expense	64,720	-	64,720
Expenses before depreciation and amortization and tower lease expense	<u>6,021,505</u>	<u>-</u>	<u>6,021,505</u>
Net operating activities before depreciation and amortization and tower lease expense	70,325	-	70,325
Depreciation and amortization	596,320	-	596,320
Tower lease expense	60,000	-	60,000
Total expenses	<u>6,677,825</u>	<u>-</u>	<u>6,677,825</u>
Net operating activities	<u>(585,995)</u>	<u>-</u>	<u>(585,995)</u>

**THE PUBLIC BROADCASTING COUNCIL
OF CENTRAL NEW YORK, INC.
(A Non-Profit New York Corporation)
AND AFFILIATE**

Consolidating Statement of Activities and Changes in Net Assets, Continued

For the year ended June 30, 2011

	<u>WCNY</u>	<u>Foundation</u>	<u>Consolidated</u>
Non-operating activities:			
Contributions and grants for capital purchases	445,910	-	445,910
Net assets released from restrictions - capital	9,917	-	9,917
	<hr/>	<hr/>	<hr/>
Total non-operating activities	455,827	-	455,827
	<hr/>	<hr/>	<hr/>
Decrease in unrestricted net assets	(130,168)	-	(130,168)
	<hr/>	<hr/>	<hr/>
Temporarily restricted net assets:			
Restricted contributions - education	8,248	-	8,248
Restricted contributions - membership	28,366	-	28,366
Restricted contributions - capital	18,890	-	18,890
Capital campaign contributions	40,000	-	40,000
Net assets released from restrictions - membership	(36,506)	-	(36,506)
Net assets released from restrictions - capital	(9,917)	-	(9,917)
	<hr/>	<hr/>	<hr/>
Increase in temporarily restricted net assets	49,081	-	49,081
	<hr/>	<hr/>	<hr/>
Decrease in net assets	(81,087)	-	(81,087)
	<hr/>	<hr/>	<hr/>
Net assets at beginning of year	4,263,685	-	4,263,685
	<hr/>	<hr/>	<hr/>
Net assets at end of year	\$ 4,182,598	-	4,182,598
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See accompanying independent auditor's report.

**THE PUBLIC BROADCASTING COUNCIL
OF CENTRAL NEW YORK, INC.
(A Non-Profit New York Corporation)
AND AFFILIATE**

Consolidating Statement of Cash Flows

For the year ended June 30, 2011

	<u>WCNY</u>	<u>Foundation</u>	<u>Consolidated</u>
Reconciliation of change in net assets to net cash used in operating activities:			
Change in net assets	\$ (81,087)	-	(81,087)
Adjustments to reconcile change in net assets to net cash used in operating activities:			
Depreciation	596,320	-	596,320
Lease amortization	60,000	-	60,000
Change in net unrealized and realized gain on investments	(38,292)	-	(38,292)
Provision for bad debts	21,063	-	21,063
Restricted contributions for capital purposes	(470,455)	-	(470,455)
Changes in operating assets and liabilities:			
Accounts receivable	(67,096)	-	(67,096)
Pledges receivable - membership	8,140	-	8,140
Pledges receivable - capital campaign	35,304	-	35,304
Prepaid broadcasting rights	17,307	-	17,307
Grants and other receivables	(182,510)	-	(182,510)
Other assets	(16,297)	-	(16,297)
Accounts payable	43,970	-	43,970
Accrued and other expenses	(699)	-	(699)
Deferred compensation obligation	(25,202)	-	(25,202)
Deferred revenue	(34,197)	-	(34,197)
Net cash used in operating activities	<u>(133,731)</u>	<u>-</u>	<u>(133,731)</u>
Cash flows from investing activities:			
Increase in cash surrender value of insurance	(17,107)	-	(17,107)
Increase in assets limited as to use	(443,368)	-	(443,368)
Increase (decrease) in due to/from affiliate, net	(375,000)	375,000	-
Capital expenditures	(64,341)	(375,000)	(439,341)
Decrease in investments, net	384,876	-	384,876
Net cash used in investing activities	<u>(514,940)</u>	<u>-</u>	<u>(514,940)</u>
Cash flows from financing activities:			
Principal payments of mortgages and note payable	(112,431)	-	(112,431)
Proceeds from line of credit, net	75,000	-	75,000
Proceeds from restricted contributions for capital purposes	470,455	-	470,455
Net cash provided by financing activities	<u>433,024</u>	<u>-</u>	<u>433,024</u>
Net decrease in cash and cash equivalents	(215,647)	-	(215,647)
Cash and cash equivalents at beginning of year	<u>223,607</u>	<u>-</u>	<u>223,607</u>
Cash and cash equivalents at end of year	<u>\$ 7,960</u>	<u>-</u>	<u>7,960</u>

See accompanying independent auditor's report.