

**St. Lawrence Valley Educational
Television Council, Inc. and Subsidiary**

**Financial Statements
Years Ended June 30, 2016 and 2015**

TABLE OF CONTENTS

Independent Auditors' Report	1
Statements of Financial Position	3
Statements of Activities	5
Statements of Functional Expenses.....	6
Statements of Cash Flows	8
Notes to the Financial Statements	10
SUPPLEMENTARY INFORMATION	
Details of Revenue and Support	16

STACKEL & NAVARRA, C.P.A., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

COMMUNITY BANK BUILDING – 216 WASHINGTON STREET
WATERTOWN, NEW YORK 13601-3336
TELEPHONE 315/782-1220
FAX 315/782-0118

Robert F. Stackel, C.P.A.
Jacob Navarra, C.P.A.
Mark B. Hills, C.P.A.

Board of Directors
St. Lawrence Valley Educational
Television Council, Inc.
Watertown, New York

Independent Auditors' Report

We have audited the accompanying consolidated financial statements of St. Lawrence Valley Educational Television Council, Inc. (a nonprofit organization) and subsidiary, which comprise the consolidated statements of financial position as of June 30, 2016 and 2015, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of St. Lawrence Valley Educational Television Council, Inc. and subsidiary as of June 30, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of details of revenue and support on page 16 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Stackel & Navarra, CPA, PC

January 18, 2017
Watertown, New York

St. Lawrence Valley Educational
Television Council, Inc. and Subsidiary
Statements of Financial Position
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 192,956	\$ 243,627
Accounts receivable	32,470	32,923
Prepaid expense	16,887	22,580
Broadcasting contract rights	<u>38,125</u>	<u>32,605</u>
Total Current Assets	<u>280,438</u>	<u>331,735</u>
Fixed Assets - Net of Accumulated Depreciation		
Depreciation	<u>1,170,656</u>	<u>1,361,262</u>
Other Assets		
Investment in Centralcast, LLC	501,215	557,219
Computer software, net of accumulated amortization	23,635	27,389
Broadcasting contract right, net of current portion	12,749	6,566
Northern New York Community Foundation Fund	9,153	8,945
Deferred tax asset	<u>1,736</u>	<u>2,606</u>
Total Other Assets	<u>548,488</u>	<u>602,725</u>
Total Assets	<u>\$ 1,999,582</u>	<u>\$ 2,295,722</u>

The accompanying notes are an integral part of these financial statements.

St. Lawrence Valley Educational
Television Council, Inc. and Subsidiary
Statements of Financial Position
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 193,209	\$ 145,658
Accrued taxes and expense	21,195	28,802
Deferred income	3,000	-
Line of Credit - KeyBank, N.A.	200,000	200,000
Current portion of long term debt	<u>37,344</u>	<u>38,022</u>
 Total Current Liabilities	 <u>454,748</u>	 <u>412,482</u>
 Long Term Liabilities		
Long term debt net of current portion	<u>215,777</u>	<u>257,236</u>
 Net Assets		
Unrestricted:		
Undesignated	719,833	913,023
Board Designated Endowment	<u>108,009</u>	<u>155,762</u>
Total Unrestricted Net Assets	827,842	1,068,785
Temporarily Restricted	<u>501,215</u>	<u>557,219</u>
 Total Net Assets	 <u>1,329,057</u>	 <u>1,626,004</u>
 Total Liabilities and Net Assets	 <u>\$ 1,999,582</u>	 <u>\$ 2,295,722</u>

The accompanying notes are an integral part of these financial statements.

St. Lawrence Valley Educational
Television Council, Inc. and Subsidiary
Statements of Activities
Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Changes in Unrestricted Net Assets		
Revenue and Support		
Government grants	\$ 1,432,501	\$ 1,431,653
Contributions	661,394	603,592
Gross profit from sales	51,348	40,790
Investment income/(loss)	675	191
Other	562,464	442,716
Total Unrestricted Revenue and Support	<u>2,708,382</u>	<u>2,518,942</u>
Expenses		
Development and program	1,098,184	932,800
Administration	748,401	732,854
Engineering and technology	418,529	857,425
Production	347,454	288,878
Sales	302,033	300,124
Quality Production, Inc.	9,863	9,183
Total Expenses	<u>2,924,464</u>	<u>3,121,264</u>
Decrease in Unrestricted Net Assets Before Income Taxes	(216,082)	(602,322)
Income Taxes	(24,861)	(10,196)
(Decrease) in Unrestricted Net Assets	(240,943)	(612,518)
Unrestricted Net Assets at Beginning of Year	1,068,785	1,681,303
Unrestricted Net Assets at End of Year	<u>\$ 827,842</u>	<u>\$ 1,068,785</u>
Changes in Temporarily Restricted Net Assets		
Loss on investment in Centralcast LLC	\$ (56,004)	\$ (87,516)
Temporarily Restricted Net Assets at Beginning of Year	557,219	644,735
Temporarily Restricted Net Assets at End of Year	<u>\$ 501,215</u>	<u>\$ 557,219</u>
Total Change in Net Assets	\$ (296,947)	\$ (700,034)
Net Assets at Beginning of Year	1,626,004	2,326,038
Net Assets at End of Year	<u>\$ 1,329,057</u>	<u>\$ 1,626,004</u>

The accompanying notes are an integral part of these financial statements.

St. Lawrence Valley Educational Television Council, Inc. and Subsidiary
Statement of Functional Expenses
For the Year Ended June 30, 2016
(With Comparative Totals for 2015)

	Production	Engineering and Technology	Development and Program	Quality Production	Sales	Administration	2016 Total	2015 Total
Salaries and wages	\$ 172,860	\$ 94,289	\$ 204,156	\$ -	\$ 219,242	\$ 204,690	\$ 895,237	\$ 831,068
Payroll taxes	14,361	7,699	16,374	-	16,356	16,716	71,506	66,574
Employee benefits	19,274	5,476	14,397	-	20,912	86,463	146,522	163,687
Broadcast rights	-	1,305	400,271	-	-	-	401,576	381,925
Dues and subscriptions	370	82	107,774	179	-	46,553	154,958	162,251
Utilities	11,107	32,078	13,011	397	18,129	50,129	124,851	138,374
Postage and shipping	698	106	102,674	-	718	15,126	119,322	88,092
Central casting	-	25,000	-	-	-	97,082	122,082	111,295
Maintenance and repairs	2,869	80,860	25	-	-	-	83,754	65,131
Insurance	-	-	-	-	-	68,990	68,990	58,389
Premiums	-	-	70,053	-	-	-	70,053	56,121
Production expense	70,937	9	9,852	3,750	1,856	49	86,453	30,440
Bank service charges	-	267	6	258	-	29,146	29,677	24,522
Printing	18	-	24,457	-	82	90	24,647	25,784
Computer expense	4,417	13,917	18,692	-	-	15,747	52,773	33,561
Business services	-	3,925	39,981	-	-	18,328	62,234	32,287
Miscellaneous	-	726	3,616	1,017	5,246	839	11,444	22,118
Professional fees	-	-	-	2,585	-	20,981	23,566	25,860
Interest	-	-	-	-	-	27,762	27,762	22,910
Vehicle expense	1,249	895	582	-	567	1,520	4,813	6,386
Office expense	122	34	1,240	222	2,049	14,714	18,381	12,729
Station relations	939	826	2,911	-	342	8,240	13,258	12,760
Advertising	268	-	31,428	-	1,972	-	33,668	23,999
Auction expense	84	-	500	-	5,250	26	5,860	5,141
Special events	-	-	9,678	-	2,476	-	12,154	19,357
Consulting	-	3,850	-	-	-	6,978	10,828	5,061
Station products	5,389	-	1,122	-	-	738	7,249	5,320
Web expense	-	2,561	425	1,240	250	-	4,476	9,083
Travel and conferences	2,483	8	392	-	255	2,273	5,411	8,288
Bad debts	-	-	-	215	-	-	215	500
Educational services	-	-	2,607	-	30	-	2,637	1,793
Program outreach	-	-	493	-	-	4,611	5,104	-
Endowment	-	-	4,640	-	-	-	4,640	547
Ready to Learn	-	-	25	-	-	-	25	963
Depreciation and amortization	40,009	144,616	16,802	-	6,301	10,610	218,338	668,948
	<u>\$ 347,454</u>	<u>\$ 418,529</u>	<u>\$ 1,098,184</u>	<u>\$ 9,863</u>	<u>\$ 302,033</u>	<u>\$ 748,401</u>	<u>\$ 2,924,464</u>	<u>\$ 3,121,264</u>

The accompanying notes are an integral part of these financial statements.

St. Lawrence Valley Educational Television Council, Inc. and Subsidiary
Statement of Functional Expenses
For the Year Ended June 30, 2015

	<u>Production</u>	<u>Engineering and Technology</u>	<u>Development and Program</u>	<u>Quality Production</u>	<u>Sales</u>	<u>Administration</u>	<u>2015 Total</u>
Salaries and wages	\$ 175,829	\$ 114,513	\$ 133,580	\$ -	\$ 199,030	\$ 208,116	\$ 831,068
Payroll taxes	14,158	9,221	10,756	-	15,685	16,754	66,574
Employee benefits	22,260	10,249	18,572	-	27,289	85,317	163,687
Broadcast rights	-	435	381,490	-	-	-	381,925
Dues and subscriptions	200	170	112,693	419	-	48,769	162,251
Utilities	6,278	34,095	20,723	350	20,493	56,435	138,374
Postage and shipping	351	719	73,444	-	714	12,864	88,092
Central casting	-	-	-	-	-	111,295	111,295
Maintenance and repairs	108	61,805	1,181	-	43	1,994	65,131
Insurance	-	633	396	-	534	56,826	58,389
Premiums	-	-	55,896	-	-	225	56,121
Production expense	22,262	84	6,813	107	1,174	-	30,440
Bank service charges	-	101	105	287	-	24,029	24,522
Printing	18	36	24,154	-	1,576	-	25,784
Computer expense	1,165	15,737	15,340	-	415	904	33,561
Business services	-	4,360	11,818	-	-	16,109	32,287
Miscellaneous	923	2,129	4,779	1,764	8,517	4,006	22,118
Professional fees	-	-	-	2,114	-	23,746	25,860
Interest	-	-	-	-	-	22,910	22,910
Vehicle expense	1,052	869	752	-	1,235	2,478	6,386
Office expense	716	181	3,340	137	3,156	5,199	12,729
Station relations	38	809	2,199	-	743	8,971	12,760
Advertising	125	-	18,886	2,606	2,226	156	23,999
Auction expense	-	-	2,106	-	2,970	65	5,141
Special events	17	-	11,772	-	5,490	2,078	19,357
Consulting	-	-	949	-	1,750	2,362	5,061
Station products	5,117	-	203	-	-	-	5,320
Web design	-	1,750	550	1,399	63	5,321	9,083
Travel and conferences	1,693	-	98	-	110	6,387	8,288
Bad debts	-	-	-	-	500	-	500
Educational services	-	-	1,793	-	-	-	1,793
Program outreach	-	-	-	-	-	-	-
Endowment	-	-	547	-	-	-	547
Ready to Learn	-	-	910	-	53	-	963
Depreciation and amortization	36,568	599,529	16,955	-	6,358	9,538	668,948
	<u>\$ 288,878</u>	<u>\$ 857,425</u>	<u>\$ 932,800</u>	<u>\$ 9,183</u>	<u>\$ 300,124</u>	<u>\$ 732,854</u>	<u>\$ 3,121,264</u>

The accompanying notes are an integral part of these financial statements.

St. Lawrence Valley Educational
Television Council, Inc. and Subsidiary
Statements of Cash Flows
Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating Activities		
Increase (Decrease) in net assets	\$ (296,947)	\$ (700,034)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation	214,593	665,260
Amortization	3,745	3,688
Unrealized (gain) loss in investment	55,796	87,516
Change in current operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	453	(10,205)
Prepaid expense	5,693	(10,848)
Broadcasting contract rights	(11,703)	928
Deferred tax asset	870	(2,606)
(Decrease) increase in:		
Accounts payable	47,551	14,947
Accrued taxes and expense	(7,607)	2,088
Deferred income	3,000	-
Net cash provided by operating activities	<u>15,444</u>	<u>50,734</u>
Investing Activities		
Purchase of investment	-	(9,000)
Purchase of fixed assets	(23,978)	(17,649)
Net cash (used) by investing activities	<u>(23,978)</u>	<u>(26,649)</u>
Financing Activities		
Borrowings - short term	435,000	390,000
Debt reduction - long term	(42,137)	(42,112)
Debt reduction - short term	(435,000)	(390,000)
Net cash (used) by financing activities	<u>\$ (42,137)</u>	<u>\$ (42,112)</u>

The accompanying notes are an integral part of these financial statements.

St. Lawrence Valley Educational
Television Council, Inc. and Subsidiary
Statements of Cash Flows
Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Net decrease in cash and cash equivalents	\$ (50,671)	\$ (18,027)
Cash and cash equivalents at beginning of year	<u>243,627</u>	<u>261,654</u>
Cash and cash equivalents at end of year	<u>\$ 192,956</u>	<u>\$ 243,627</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for:		
Income taxes	<u>\$ 3,453</u>	<u>\$ 14,165</u>
Interest	<u>\$ 27,762</u>	<u>\$ 22,910</u>

The accompanying notes are an integral part of these financial statements.

St. Lawrence Valley Educational
Television Council, Inc. and Subsidiary
Notes to Financial Statements
June 30, 2016 and 2015

Note 1 - Summary of Significant Accounting Policies

Business Description - St. Lawrence Valley Educational Television Council, Inc. was incorporated June 27, 1958. It operates a public television station which broadcasts into Northern New York and Southeastern Ontario. The Corporate office is located in Watertown, New York.

Principles and Consolidation - The consolidated financial statements include the accounts of St. Lawrence Valley Educational Television Council, Inc. and its wholly owned subsidiary Quality Production, Inc. All material intercompany transactions have been eliminated.

Quality Production, Inc. is a private for-profit corporation that is engaged in producing audio and videotapes for the general public. Quality Production, Inc. is incorporated in the State of New York and is subject to state and federal income taxes. Its total assets and liabilities at June 30, 2016 and 2015, are as follows:

	<u>2016</u>	<u>2015</u>
Assets	\$ <u>8,963</u>	\$ <u>12,557</u>
Liabilities	\$ <u>2,279</u>	\$ <u>9,191</u>
Revenue	\$ <u>51,350</u>	\$ <u>43,371</u>
Expenses	\$ <u>48,031</u>	\$ <u>52,857</u>

St. Lawrence Valley Educational Television Council, Inc. charged Quality Production, Inc. \$36,607 for reimbursement of operating costs incurred during the year ended June 30, 2016 and \$37,647 for the year ended June 30, 2015. Amounts still owed to St. Lawrence Valley Educational Television Council, Inc. were \$1,998 and \$5,732 at June 30, 2016 and 2015, respectively.

Advertising - Advertising costs are expensed as they are incurred. These costs amounted to \$13,698 for 2016 and \$23,999 for 2015.

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America. The Council maintains its accounts in accordance with U.S. generally accepted accounting principles. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Council and changes therein are classified and reported as follows:

(Continuation of this note on the next page.)

St. Lawrence Valley Educational
Television Council, Inc. and Subsidiary
Notes to Financial Statements
June 30, 2016 and 2015

Note 1 - Summary of Significant Accounting Policies (continued)

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Council and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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

Cash and Cash Equivalents - For financial statement purposes, the Council considers all highly liquid investments with an original maturity of three months or less as cash equivalents.

Accounts Receivable - The Council does not maintain an allowance for doubtful accounts. Any accounts receivable deemed uncollectible are written off during the period they become uncollectible. Management believes there are no material uncollectible accounts receivable.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Sources of Revenue - The Council is supported primarily through membership revenue, donor contributions, grants, underwriting revenue, and auction revenue.

Concentration of Revenue - The Council receives approximately 28% of its revenue from the Corporation for Public Broadcasting and 26% from New York State. A decrease or loss in funding from these sources could have a severe impact on the Council.

In-Kind Contributions- In-kind contributions are recorded as revenue and expenses in the accompanying financial statements. In-kind contributions consist of donated professional services and merchandise and are recorded at fair value. In-kind contributions for the year ended June 30, 2016 and 2015 totaled \$27,196 and \$26,014, respectively.

Revenue Recognition - Contributions are recognized when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Reclassifications - Certain amounts in the financial statements for 2015 have been restated to provide an improved comparison to 2016.

(Continuation of this note on the next page.)

St. Lawrence Valley Educational
Television Council, Inc. and Subsidiary
Notes to Financial Statements
June 30, 2016 and 2015

Note 1 - Summary of Significant Accounting Policies (continued)

Property and Equipment - Property and equipment are recorded at cost. The Council follows the practice of capitalizing expenditures for building, furniture fixtures, equipment and vehicles in excess of \$1,000. For financial reporting and income tax purposes, the costs of property and equipment are depreciated over the estimated useful lives as follows:

<u>Category</u>	<u>Method</u>	<u>Estimated Life Years</u>
Furniture & fixtures	Straight line	10
Buildings	Straight line	10 to 45
Building improvements	Straight line	10 to 25
Studio equipment	Straight line	3 to 10
Office machines	Straight line & 200% Declining balance	5
Satellite	Straight line & 200% Declining balance	10
Transmitter equipment	Straight line	5 to 12
Vehicles	Straight line	5
Land improvements	Straight line	10

Repairs and maintenance are charged to expense when incurred. Expenditures, which substantially increase the useful lives of the respective assets, are capitalized and depreciated over their useful lives. When an asset is sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

Note 2 - Fixed Assets - The major categories of fixed assets as of June 30, 2016 and 2015, are summarized as follows:

	<u>2016</u>	<u>2015</u>
Land	\$ 21,167	\$ 21,167
Land improvements	44,031	53,413
Furniture and fixtures	67,510	114,849
Buildings and improvements	1,297,510	1,391,752
Studio and technical equipment	3,405,921	5,376,301
Office machines	44,567	107,593
Transmitters, antennas and towers	4,100,287	5,869,136
Vehicles	95,079	95,079
Satellite	74,450	74,450
	<u>9,150,522</u>	<u>13,103,740</u>
Less accumulated depreciation	<u>7,979,866</u>	<u>11,742,478</u>
	<u>\$ 1,170,656</u>	<u>\$ 1,361,262</u>

St. Lawrence Valley Educational
Television Council, Inc. and Subsidiary
Notes to Financial Statements
June 30, 2016 and 2015

Note 3 - Long-term Investments - During 2012 the Council made capital contributions of \$44,467 to Centralcast, LLC, a New York limited liability company. Centralcast, LLC was formed to provide joint master control services to eight New York public television stations. A grant from New York State provided \$18,994 for the initial investment and \$23,473 was paid from unrestricted assets. An additional investment of \$22,635 was paid from unrestricted assets during 2013. The Council's investment is recorded using the equity method and share of total income for 2012 and 2013 was 10%. For the years ended June 30, 2016 and 2015, the Council's share of Centralcast, LLC's loss was \$56,004 and \$87,516, respectively.

Note 4 - Northern New York Community Foundation Fund - St. Lawrence Valley Educational Television Council, Inc. has set up a fund with the Northern New York Community Foundation. The fund is the property of the Foundation and it has the ultimate authority and control over all property in the fund. Distributions may be made to the Council as determined by the governing board of the Foundation. The fund is reflected as an asset of the Council in accordance with U.S. generally accepted accounting principles. The Council contributed \$9,000 to the fund during 2015 and the fair market value of investments allocated to the fund at June 30, 2016 and 2015 was \$9,153 and \$8,945, respectively, as reflected in the statement of financial position.

Note 5 - Computer Software - Computer software costs include packaged software related to the Council's fundraising efforts. These costs are being amortized using the straight-line method over a life of 15 years.

	<u>2016</u>	<u>2015</u>
Original cost	\$ 51,026	\$ 55,238
Accumulated amortization	<u>(27,391)</u>	<u>(27,849)</u>
	<u>\$ 23,635</u>	<u>\$ 27,389</u>

Note 6 - Income Tax Status - St. Lawrence Valley Educational Television Council, Inc. is a nonprofit Organization and is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from leasing of space on its towers is not directly related to the Council's exempt purpose and subject to taxation as unrelated business income.

The income tax attributable to the leases was \$23,966 and \$12,777 for the years ended June 30, 2016 and 2015, respectively.

Deferred tax asset - The deferred tax asset is a result of an operating loss carryforward reported by Quality Production, Inc., the wholly owned subsidiary of the Council. This loss carryforward will expire during the year ended June 30, 2034, if not used by then.

Note 7 - Lines of Credit - St. Lawrence Valley Educational Television Council, Inc. has a line of credit with KeyBank, N.A., in the amount of \$200,000 with an interest rate of prime plus 2%. The amounts payable to KeyBank, N.A. at June 30, 2016 and 2015, were \$200,000 and \$200,000, respectively.

St. Lawrence Valley Educational
Television Council, Inc. and Subsidiary
Notes to Financial Statements
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Note 8 - Long Term Debt		
<u>Key Bank, N.A.</u>		
Mortgage payable, secured by real estate listed under fixed assets. Monthly payments of \$2,019.29 include interest at 5.7%. Maturity date is April 2024.	\$ 153,121	\$ 173,829
<u>Key Bank, N.A.</u>		
Note payable, secured by inventory, equipment, and accounts receivable. Monthly payments include \$1,785.71 principal plus interest at 4.25%. Maturity date is February 2021.	100,000	121,429
	253,121	295,258
Less current portion	37,344	38,022
	<u>\$ 215,777</u>	<u>\$ 257,236</u>

Maturities of long term debt after June 30, 2016 are as follows:

<u>Year ended June 30</u>	
2017	\$ 37,344
2018	38,275
2019	39,261
2020	40,304
2021	34,264
After 2021	63,673
	<u>\$ 253,121</u>

Interest expense incurred was \$27,762 and \$22,910 for the years ended June 30, 2016 and 2015, respectively.

St. Lawrence Valley Educational
Television Council, Inc. and Subsidiary
Notes to Financial Statements
June 30, 2016 and 2015

Note 9 - Endowment Funds - The Board has designated funds to be held in endowment which have been deposited in a savings account. These funds may be used upon approval by the Board of Trustees. During 2016 a withdrawal of \$100,000 was made. Interest earned on the savings account totaled \$460 and \$180 for the years ended June 30, 2016 and 2015, respectively.

Note 10 - Retirement Plan - The Council participates in contributory retirement plans administered by the Teachers Insurance Annuity Association of America (TIAA) and College Retirement Equities Fund (CREF). All employees meeting specific age and length of service requirements are covered by the plans. Total pension expense charged to operations relating to these plans for the year ended June 30, 2016 and June 30, 2015 was \$23,954 and \$25,228, respectively. St. Lawrence Valley Educational Television Council, Inc. contributes 5% of the employees gross wages provided the employee contributes 3% of their wages.

Note 11 - Leases - The Council leases tower space to third parties on an annual basis. The primary function of these towers is for the broadcasting of the television station operated by the Council. The third-party rental income is considered unrelated to the Council's primary exempt purpose and is subjected to unrelated business tax. Total rental income for the years ended June 30, 2016 and 2015 was \$162,889 and \$136,153, respectively.

Note 12 - Related party transactions - The Council has a 10% equity share in Centralcast LLC. The Council paid Centralcast LLC fees of \$122,082 and \$111,295 for the years ended June 30, 2016 and 2015, respectively.

Note 13 - Foreign Exchange - At the end of the year, monies held in Canadian banks were translated to United States dollars. The gain/loss from translation for the fiscal year ended June 30, 2016 and June 30, 2015 is included in revenue and expenditure.

Note 14 - Subsequent Events - Management has evaluated subsequent events through January 20, 2017, the date on which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

St. Lawrence Valley Educational
Television Council, Inc. and Subsidiary
Details of Revenue and Support
Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenue and Support		
Contributions		
Memberships	\$ 419,887	\$ 399,588
Television auctions	108,484	104,919
Donations	<u>133,023</u>	<u>99,085</u>
	<u>661,394</u>	<u>603,592</u>
Government Grants		
New York State Education Department	683,660	660,286
Corporation for Public Broadcasting (CPB)	<u>748,841</u>	<u>771,367</u>
	<u>1,432,501</u>	<u>1,431,653</u>
Gross Profit From Sales	<u>51,348</u>	<u>40,790</u>
Investment income	(56,004)	(87,516)
Interest Income	<u>675</u>	<u>191</u>
	<u>(55,329)</u>	<u>(87,325)</u>
Other Revenue		
Underwriting	277,476	250,460
Rental income	162,889	136,153
Miscellaneous	2,572	2,205
Royalty income	6,170	22,712
Advertising	15,155	5,881
Special events	21,347	8,820
Product sales	18,373	9,052
Program Outreach Grants	49,416	7,433
Foundation Grants	<u>9,066</u>	<u>-</u>
	<u>562,464</u>	<u>442,716</u>
	<u>\$ 2,652,378</u>	<u>\$ 2,431,426</u>

See Independent Auditors' Report.