Public Television 19, Inc.

Financial Report
June 30, 2018

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RSM US LLP

Independent Auditor's Report

To the Board of Directors
Public Television 19, Inc.

Report on the Financial Statements
We have audited the accompanying financial statements of Public Television 19, Inc., which comprise the statements of financial position as of June 30, 2018 and 2017, the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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

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

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

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Public Television 19, Inc. as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information 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 audits 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.

RSM US LLP

Kansas City, Missouri
September 10, 2018

Public Television 19, Inc.

Statements of Financial Position
June 30, 2018 and 2017

	2018	2017
Assets (Note 4)		
Cash and cash equivalents	$ 529,336	$ 818,546
Receivables:		
Accounts, net of allowance for doubtful accounts of $11,098 and $19,555 in 2018 and 2017, respectively	152,890	158,269
Pledges, net of discount of $57,588 and $-0- in 2018 and 2017, respectively (Note 2)	445,076	-
Prepaid expenses	201,967	163,337
Investments (Notes 3 and 11)	2,680,724	2,950,244
Deferred lease asset (Note 6)	967,054	869,925
Property and equipment, net (Notes 4 and 5)	4,887,806	5,610,533
	$ 9,864,853	$ 10,570,854
Liabilities and Net Assets		
Liabilities:		
Accounts payable	$ 253,383	$ 259,522
Accrued expenses	319,535	379,131
Deferred revenue (Note 6)	909,227	1,086,427
Long-term debt (Note 5)	1,718,370	1,375,974
	3,200,515	3,101,054
Net assets:		
Unrestricted:		
Board designated (Note 7)	2,680,724	2,950,244
Undesignated	3,284,976	4,042,151
	5,965,700	6,992,395
Temporarily restricted (Note 7)	698,638	477,405
	6,664,338	7,469,800
	$ 9,864,853	$ 10,570,854

See notes to financial statements.

Public Television 19, Inc.

Statement of Activities
Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Total
Revenues, gains and other support:			
Membership income	$ 3,971,489	$ -	$ 3,971,489
Grants	1,849,283	-	1,849,283
Contributions, bequests and capital grants	1,337,946	-	1,337,946
In-kind contributions	122,560	-	122,560
Program and production underwriting	1,376,325	698,638	2,074,963
Educational services	251,701	-	251,701
Rental income (Note 5)	1,051,695	-	1,051,695
Broadcast royalties	1,271	-	1,271
Capital campaign	4,865	-	4,865
Miscellaneous	31,117	-	31,117
Change in value of investments (Note 2)	224,386	-	224,386
Net assets released from restrictions (Note 7)	477,405	(477,405)	-
Total revenues, gains and other support	10,700,043	221,233	10,921,276
Expenses:			
Program services:			
Programming and production operations	4,371,358	-	4,371,358
Broadcast and engineering	2,902,445	-	2,902,445
Program information and promotions	573,576	-	573,576
In-kind services	53,484	-	53,484
Total program services	7,900,863	-	7,900,863
Supporting services:			
Fundraising and membership development:			
Capital campaign	604,909	-	604,909
Development	559,756	-	559,756
Membership	983,954	-	983,954
Management and general	1,608,180	-	1,608,180
In-kind services	69,076	-	69,076
Total supporting services	3,825,875	-	3,825,875
Total expenses (including total depreciation of $1,115,945)	11,726,738	-	11,726,738
Changes in net assets	(1,026,695)	221,233	(805,462)
Net assets:			
Beginning	6,992,395	477,405	7,469,800
Ending	$ 5,965,700	$ 698,638	$ 6,664,338

See notes to financial statements.

Public Television 19, Inc.

Statement of Activities
Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Total
Revenues, gains and other support:			
Membership income	$ 3,549,100	$ -	$ 3,549,100
Grants	1,748,037	-	1,748,037
Contributions, bequests and capital grants	1,909,926	-	1,909,926
In-kind contributions	229,769	-	229,769
Program and production underwriting	1,334,113	-	1,334,113
Educational services	247,578	-	247,578
Rental income (Note 5)	1,212,333	-	1,212,333
Broadcast royalties	2,191	-	2,191
Campaign	50,000	-	50,000
Miscellaneous	21,886	-	21,886
Change in value of investments (Note 2)	318,153	-	318,153
Net assets released from restrictions (Note 7)	462,658	(462,658)	-
Total revenues, gains and other support	11,085,744	(462,658)	10,623,086
Expenses:			
Program services:			
Programming and production operations	4,398,121	-	4,398,121
Broadcast and engineering	2,963,276	-	2,963,276
Program information and promotions	597,076	-	597,076
In-kind services	173,613	-	173,613
Total program services	8,132,086	-	8,132,086
Supporting services:			
Fundraising and membership development:			
Campaign	27,465	-	27,465
Development	740,877	-	740,877
Membership	963,526	-	963,526
Management and general	1,654,112	-	1,654,112
In-kind services	56,156	-	56,156
Total supporting services	3,442,136	-	3,442,136
Total expenses (including total depreciation of $1,134,703)	11,574,222	-	11,574,222
Changes in net assets	(488,478)	(462,658)	(951,136)
Net assets:			
Beginning	7,480,873	940,063	8,420,936
Ending	$ 6,992,395	$ 477,405	$ 7,469,800

See notes to financial statements.

Public Television 19, Inc.

Statements of Cash Flows
Years Ended June 30, 2018 and 2017

		2018		2017
Cash flows from operating activities:				
Change in net assets	$	(805,462)	$	(951,136)
Adjustments to reconcile change in net assets to net cash used in operating activities:				
Change in value of investments		(224,386)		(318,153)
Depreciation		1,115,945		1,134,703
Contributions and grants restricted for capital acquisition and construction		(253,562)		(26,000)
(Increase) decrease in operating assets:				
Accounts receivable		5,379		35,419
Pledges receivable		(445,076)		-
Prepaid expenses		(38,630)		(31,346)
Deferred lease asset		(97,129)		20,846
Increase (decrease) in operating liabilities:				
Accounts payable and accrued expenses		(65,735)		(27,774)
Deferred revenue		(177,200)		133,482
Net cash used in operating activities		(985,856)		(29,959)
Cash flows from investing activities:				
Purchases of property and equipment		(393,198)		(137,770)
Contribution to investments		-		(235,048)
Withdrawal from investments		493,904		574,749
Net cash provided by investing activities		100,706		201,931
Cash flows from financing activities:				
Principal payments on long-term debt		(121,122)		(128,026)
Principal payments on line of credit		(1,600,200)		(250,000)
Proceeds from long-term debt		463,500		-
Proceeds from line-of-credit borrowings		1,600,200		250,000
Proceeds from contributions and grants restricted for capital acquisition and construction		253,562		26,000
Net cash provided by (used in) financing activities		595,940		(102,026)
Increase (decrease) in cash and cash equivalents		(289,210)		69,946
Cash and cash equivalents:				
Beginning		818,546		748,600
Ending	$	529,336	$	818,546
Supplemental disclosures of cash flow information:				
Cash paid during the year for interest	$	86,292	$	100,134

See notes to financial statements.

Note 1. Nature of the Station and Summary of Significant Accounting Policies

Description of the Station: Public Television 19, Inc. (the Station) is a nonprofit corporation that operates a noncommercial public television station (KCPT) and a AAA Public Radio Station (KTBG) in Kansas City that serves numerous cities and towns in Missouri and Kansas. The Station is organized under the General Not for Profit Laws of the State of Missouri.

A summary of significant accounting policies is as follows:

Basis of presentation: The financial statement presentation follows the recommendations of the *FASB Accounting Standards Codification* (ASC) Topic 958, Financial Statements of Not-for-Profit Organizations. Under ASC 958, the Station is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Accordingly, net assets of the Station and changes therein are classified and reported as follows:

Unrestricted net assets: Unrestricted net assets are not subject to donor-imposed stipulations.

Temporarily restricted net assets: Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met either by actions of the Station and/or the passage of time.

Permanently restricted net assets: Permanently restricted net assets are subject to donor-imposed stipulations that expire neither by the passage of time nor by actions of the Station.

Restricted and unrestricted revenue and support: Contributions received, including unconditional promises, are recognized as revenues when the donor's commitment is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. Donor-restricted support whose restrictions are satisfied in the same reporting period in which the contributions are received is classified as unrestricted contributions.

The Station reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions specifying how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Station reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Grant revenue: Grant revenues are recognized when program expenses are incurred in accordance with program guidelines.

Program and production underwriting and educational services: Revenues generated from these sources are recognized as revenue when the applicable services are provided.

Rental income: The Station recognizes rental revenue when earned in accordance with the rental agreements.

Memberships: Memberships are recognized as revenue over the period of membership.

Note 1. Nature of the Station and Summary of Significant Accounting Policies (Continued)

In-kind contributions: In-kind contributions and in-kind services expense are recorded in the accompanying financial statements. In-kind contributions consist of donated broadcasting by commercial stations, services provided in exchange for underwriting services, and services that require specialized skills that are provided by individuals possessing those skills and would typically be purchased if not provided by donation. These donations are recorded at fair value.

Accounts receivable: Accounts receivable are carried at original invoice less an estimate for doubtful accounts based on a review of all outstanding amounts on a quarterly basis. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition and credit history. Receivables are written off when deemed uncollectible. A receivable is considered to be past due if the balance is outstanding after 30 days. Interest is not charged on past-due accounts.

Pledges receivable: Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received.

Donated personal services of volunteers: Due to the nature of donated services, no amounts have been reflected in the financial statements for such services, since the services do not require specialized skills. The estimated fair value of donated personal services of volunteers incurred in connection with the annual auction and pledge drives, based upon standard valuation rates and job classifications developed by the Corporation for Public Broadcasting, was $59,256 and $38,141 for the years ended June 30, 2018 and 2017, respectively.

Deferred revenue: Grants received for programs that will be aired principally in the next fiscal year are included as deferred revenue. As the programs are telecast, the deferred revenue will be recognized as revenue. The Station also receives various down payments on operating lease income. The Station amortizes the payments over the life of the lease.

Deferred lease asset: The Station has an operating lease with annual rent increases. The Station recognizes rent revenue ratably over the term of the lease, with rent revenue based on the total payments received under the lease agreement recognized on a straight-line basis over the lease term. The deferred lease asset represents rent revenue in excess of cash payments received to date.

Property and equipment: Property and equipment are recorded at cost or, if donated, at the approximate fair value at date of donation. Major renewals and betterments are capitalized, and maintenance and repairs that do not improve or extend the life of the respective assets are charged against net assets in the current period. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, which range from three to 40 years.

The Station periodically reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Income tax status: The Station is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code; however, the Station is subject to income taxes on any net income from unrelated business activities. Uncertain tax positions, if any, are recorded in accordance with ASC 740, Income Taxes (previously FIN 48). ASC 740 requires the recognition of a liability for tax positions taken that do not meet the more-likely-than-not standard that the position will be sustained upon examination by the taxing authorities. There is no liability for uncertain tax positions recorded as of June 30, 2018 and 2017.

Note 1. Nature of the Station and Summary of Significant Accounting Policies (Continued)

Investments: The Station has invested in pooled funds and municipal bonds held at the Greater Kansas City Community Foundation (the Foundation), which are recorded at fair value. A portion of this balance represents money market funds, which are reported at cost, which approximates fair value.

Cash and cash equivalents: The Station considers investments purchased with an original maturity of three months or less to be cash equivalents. The Station occasionally holds cash deposits with banks in excess of federally insured limits. Management believes the Station is not exposed to any significant credit risk.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses, including functional allocations, during the reporting period. Actual results could differ from those estimates.

Functional expense allocations: Certain expenses, such as depreciation, interest, building services and personnel, are allocated among program and supporting services based primarily on direct payroll charges, equipment usage, or space occupied and on estimates made by the Station’s management.

Fundraising: The Station participates in various fundraising activities, such as direct mail campaigns, membership development and special events. The expenses related to these fundraising activities are recorded in fundraising and membership development in the statements of activities and aggregated $1,543,710 and $1,704,403 for the years ended June 30, 2018 and 2017, respectively.

Advertising: The Station expenses advertising costs as incurred. Advertising expense was $45,903 and $41,457 for the fiscal years ended June 30, 2018 and 2017, respectively.

Reclassifications: Certain items for the year ended June 30, 2017, have been reclassified with no effect on changes in net assets, to be consistent with the classifications adopted for the year ended June 30, 2018.

Pending accounting pronouncements: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, to supersede nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity is expected to be entitled for those goods or services. ASU 2014-09 defines a five-step process to achieve this core principle and, in doing so, it is possible more judgment and estimates may be required within the revenue recognition process than required under existing U.S. GAAP, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each performance obligation. ASU 2014-09, as deferred one year by ASU 2015-14, will be effective for annual reporting periods beginning after December 15, 2018, using either of two methods: (a) retrospective to each prior reporting period presented with the option to elect certain practical expedients as defined within ASU 2014-09; or (b) retrospective with the cumulative effect of initially applying ASU 2014-09 recognized at the date of initial application and providing certain additional disclosures as defined in ASU 2014-09. The Station has not yet selected a transition method and is currently evaluating the impact of the pending adoption of ASU 2014-09 on the financial statements.

Note 1. Nature of the Station and Summary of Significant Accounting Policies (Continued)

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The standard is effective on January 1, 2020, with early adoption permitted. The Station is in the process of evaluating the impact of this new guidance.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, “net assets with donor restrictions” and “net assets without donor restrictions,” and expands disclosures about the nature and amount of any donor restrictions. ASU 2016-14 is effective for annual periods beginning after December 15, 2017. The Station is currently evaluating the impact the adoption of this guidance will have on its financial statements.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. ASU 2016-15 provides guidance on how certain cash receipts and cash payments should be presented and classified in the statement of cash flows with the objective of reducing existing diversity in practice with respect to these items. ASU 2016-15 will be effective for the Station on January 1, 2019. Early adoption is permitted. The Station is currently evaluating the impact the adoption of this guidance will have on its statements of cash flows.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profits Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides guidance on whether a transfer of assets (or the reduction, settlement or cancellation of liabilities) is a contribution or an exchange transaction. ASU 2018-08 will be effective for the Station on January 1, 2019. Early adoption is permitted. The Station is currently evaluating the impact the adoption of this guidance will have on its financial statements.

Note 2. Pledges Receivable

Included in pledges receivable at June 30, 2018, are the following unconditional promises to give:

Content Excellence Programs:	
Restricted to future periods	$ 502,664
Unconditional promises to give before unamortized discount	$ 502,664
Less unamortized discount	(57,588)
	$ 445,076
Amounts due in:	
One to five years	$ 502,664

Note 2. Pledges Receivable (Continued)

Pledges receivable are considered temporarily restricted as to timing, since the funds from such contributions are not available for use until received by the Station.

Note 3. Assets Held at the Greater Kansas City Community Foundation

The Board of Directors authorized two special trust funds established at the Foundation, an unrelated party. These trust funds were established for the benefit of the Station in the future with no variance power being granted to the Foundation. The assets held at the Foundation are directed by the Station's Board of Directors, except the original grant funds received for the Hale Center for Journalism, which are donor-restricted. Included in assets as "investments" are $2,680,724 and $2,950,244 for 2018 and 2017, respectively. The Public Television 19, Inc. Fund invests only in the Foundation's pooled funds and is designated for general operations in the future and had balances of $2,419,286 and $2,250,136 at June 30, 2018 and 2017, respectively. The Hale Center for Journalism Fund invests in the Foundation's pooled funds, as well as municipal bond investments. The fund is designated for the Hale Center for Journalism and had balances of $261,438 and $700,108 at June 30, 2018 and 2017, respectively. Balances held at the Greater Kansas City Community Foundation as of June 30, 2018 and 2017, were $2,680,724 and $2,950,244, respectively.

Individual investments within the Greater Kansas City Foundation Pooled Fund comprise the following:

Public Television 19, Inc. Fund	2018	2017
Fixed-income mutual fund pool	$ 841,623	$ 777,049
Equity mutual fund pool	1,572,627	1,468,462
Money market fund pool	5,036	4,625
	$ 2,419,286	$ 2,250,136

Hale Center for Journalism Fund	2018	2017
Municipal bonds	$ -	$ 299,196
Equity mutual fund pool	115,425	330,334
Money market fund pool	146,013	70,578
	$ 261,438	$ 700,108

The change in value of assets held at the Greater Kansas City Community Foundation is as follows for the years ended June 30, 2018 and 2017:

	2018	2017
Interest and dividends	$ 61,387	$ 62,173
Net realized and unrealized gains	162,999	255,980
	$ 224,386	$ 318,153

Note 4. Property and Equipment

Property and equipment consisted of the following at June 30, 2018 and 2017:

	2018	2017
Land and land improvements	$ 419,656	$ 419,656
Buildings	9,088,127	8,889,303
Broadcast equipment	9,954,484	9,803,467
Transmission tower	1,720,400	1,700,632
Furniture and fixtures	885,458	861,849
	22,068,125	21,674,907
Less accumulated depreciation	(17,180,319)	(16,064,374)
Property and equipment, net	$ 4,887,806	$ 5,610,533

In accordance with the provisions of Public Telecommunications Facilities Program grant awards, the United States Department of Commerce holds a 10-year security interest in certain transmitter and broadcast equipment owned by the Station expired in 2018. The Corporation for Public Broadcasting maintains a 10-year reversionary interest in assets acquired with funds awarded in conjunction with the Digital Distribution Fund.

Note 5. Pledged Assets, Line of Credit and Long-Term Debt

The Station has a $500,000 line-of-credit agreement with Bank of America secured by property and other assets. Interest is due monthly at a variable rate equal to the LIBOR Daily Floating Rate plus 2.20 percent (4.27 percent as of June 30, 2018), with all principal due on August 30, 2018. At both June 30, 2018 and 2017, $-0- was outstanding on this line of credit.

Long-term debt consists of the following at June 30, 2018 and 2017:

	2018	2017
Radio loan due July 27, 2022; interest at 3.9%; secured by all assets; payable in quarterly interest-only principal payments of $41,823 due quarterly with interest	$ 1,289,632	$ 1,375,974
Building loan due August 30, 2022; interest at LIBOR Daily Floating Rate plus 1.90%; secured by all assets; payable in quarterly interest-only principal payments of $11,587 due quarterly with interest	428,738	-
	$ 1,718,370	$ 1,375,974

Aggregate maturities of long-term debt outstanding at June 30, 2018, are as follows:

Years ending June 30:	
2019	$ 164,341
2020	168,959
2021	173,997
2022	179,119
2023	1,031,954
	$ 1,718,370

Note 6. Operating Leases

The Station is leasing tower and various equipment to several unrelated parties. Rental income for the years ended June 30, 2018 and 2017, is $1,051,695 and $1,212,333, respectively. As of June 30, 2018 and 2017, the Station has $967,054 and $869,925, respectively, recorded as a deferred lease asset on the statements of financial position due to future escalating rents. As of June 30, 2018 and 2017, the Station has $909,227 and $1,086,427, respectively, recorded as deferred revenue due to up-front cash payments on tower space leases.

The minimum future rental income under operating leases is as follows:

Years ending June 30:	
2019	$ 901,190
2020	908,649
2021	922,493
2022	820,097
2023	833,293
Thereafter	10,079,885
	$ 14,465,607

Note 7. Temporarily Restricted Net Assets and Board-Designated Net Assets

Temporarily restricted net assets were available for the following purposes at June 30, 2018 and 2017:

	2018	2017
Hale Center for Journalism	$ -	$ 477,405
Content Excellence Programs	698,638	-
	$ 698,638	$ 477,405

The Station reports Board-designated unrestricted net assets for the balance of the investments owned by the Greater Kansas City Community Foundation, as these investments are directed by the Board, except the original grant funds received for the Hale Center for Journalism and the Content Excellence Fund, which are donor-restricted. The Board-designated net asset balance as of June 30, 2018 and 2017, was $2,680,726 and $2,950,244, respectively.

Note 8. Net Assets Released From Restriction

Net assets were released from restriction for the years ended June 30, 2018 and 2017, for the following purpose:

	2018	2017
Hale Center for Journalism	$ 477,405	$ 462,658

Note 9. Retirement Plan

The Station maintains a defined contribution retirement plan for all its employees. The plan provisions call for the Station to make discretionary contributions to the plan equal to each employee's contributions, up to a stated maximum of 5 percent. Station contributions to the plan are made on a biweekly basis. Total contributions for the years ended June 30, 2018 and 2017, were $151,257 and $156,877, respectively.

Note 10. Significant Concentrations

A substantial portion of the Station's programming is made possible through an agreement with the Public Broadcasting Service (PBS). Programs obtained from PBS constituted approximately 61 percent and 55 percent of the Station's airtime during the years ended June 30, 2018 and 2017, respectively.

Note 11. Fair Value Measurements

The Station has adopted the provisions of ASC Topic 820, Fair Value Measurements, for assets and liabilities measured and reported at fair value. ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

ASC 820 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. ASC 820 requires the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. In that regard, ASC 820 establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data. Level 2 investments include pooled investments that do not have any significant redemption restrictions that would cause liquidation and report date values to be significantly different, if redemption were requested at report date.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The following tables summarize the assets measured at fair value on a recurring basis, segregated by the general classification of such instruments pursuant to the valuation hierarchy:

Investment held with the Foundation and in pooled funds:

	June 30, 2018			
	Total	Level 1	Level 2	Level 3
Pooled funds at the Foundation:				
Fixed-income mutual fund pool	$ 841,623	$ -	$ 841,623	$ -
Equity mutual fund pool	1,688,052	-	1,688,052	-
	2,529,675	$ -	$ 2,529,675	$ -
Money market fund pool	151,049			
	$ 2,680,724			

Note 11. Fair Value Measurements (Continued)

	June 30, 2017			
	Total	Level 1	Level 2	Level 3
Pooled funds at the Foundation:				
Fixed-income mutual fund pool	$ 777,049	$ -	$ 777,049	$ -
Equity mutual fund pool	1,798,796	-	1,798,796	-
Municipal bonds	299,196	-	299,196	-
	2,875,041	$ -	$ 2,875,041	$ -
Money market fund pool	75,203			
	$ 2,950,244			

Assets recorded at fair value on a recurring basis: A description of the valuation methodologies used for assets on a recurring basis is set forth below:

Investments: The Station's investments are municipal bonds, which consist of Level 2 investments. Level 2 investments would include U.S. agency securities and obligations of states and municipalities.

Pooled funds at the Foundation: The Station's investments are an investment in the funds held by the Foundation. The Station invests in the Foundation's fixed-income and equity mutual fund pools, which consist of all Level 1 investments; however, since the Station's investment is in the Foundation, not the individual investments, all of the Station's investment in the Foundation is classified as Level 2. The Foundation values their individual securities as follows: Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities would include highly liquid government bonds and exchange-traded equities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flow.

The Station does not have assets and liabilities recorded at fair market value on a nonrecurring basis.

The fair value estimates presented are based on pertinent information available to management at June 30, 2018 and 2017. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have been comprehensively revalued for purposes of the financial statements since that date; therefore, current estimates of fair value may differ significantly from the amounts presented herein.

Note 12. Subsequent Events

On July 17, 2018, the Station extended its $500,000 line-of-credit agreement with Bank of America to February 28, 2020.

Management has evaluated and disclosed subsequent events up to and including September 10, 2018, which is the date the financial statements were available to be issued.

Public Television 19, Inc.

Statement of Activities by Department
Year Ended June 30, 2018

	KTBG	KCPT	Total
Revenues, gains and other support:			
Membership income	$ 347,131	$ 3,624,358	$ 3,971,489
Grants	98,776	1,750,507	1,849,283
Contributions, bequests and capital grants	25,430	1,312,516	1,337,946
In-kind contributions	-	122,560	122,560
Program and production underwriting	324,066	1,750,897	2,074,963
Educational services	-	251,701	251,701
Rental income (Note 5)	-	1,051,695	1,051,695
Broadcast royalties	-	1,271	1,271
Capital campaign	-	4,865	4,865
Miscellaneous	-	31,117	31,117
Change in value of investment in pooled funds (Note 2)	-	224,386	224,386
Total revenues, gains and other support	795,403	10,125,873	10,921,276
Expenses:			
Program services:			
Program and production operations	25,737	4,345,621	4,371,358
Broadcast and engineering	734,114	2,168,331	2,902,445
Program information and promotions	2,215	571,361	573,576
In-kind services	-	53,484	53,484
Total program services	762,066	7,138,797	7,900,863
Supporting services:			
Fundraising and membership development:			
Capital campaign	-	604,909	604,909
Development	47,212	512,544	559,756
Membership	43,760	940,194	983,954
Management and general	9,081	1,599,099	1,608,180
In-kind services	15,430	53,646	69,076
Total supporting services	115,483	3,710,392	3,825,875
Total expenses (including depreciation of $82,043 and $1,033,902 for KTBG and KCPT, respectively)	877,549	10,849,189	11,726,738
Changes in net assets	(82,146)	(723,316)	(805,462)
Net assets:			
Beginning	(686,668)	8,156,468	7,469,800
Ending	$ (768,814)	$ 7,433,152	$ 6,664,338

Public Television 19, Inc.

Statement of Activities by Department
Year Ended June 30, 2017

	KTBG	KCPT	Total
Revenues, gains and other support:			
Membership income	$ 299,582	$ 3,249,518	$ 3,549,100
Grants	96,123	1,651,914	1,748,037
Contributions, bequests and capital grants	80,935	1,828,991	1,909,926
In-kind contributions	-	229,769	229,769
Program and production underwriting	255,154	1,078,959	1,334,113
Educational services	-	247,578	247,578
Rental income (Note 5)	-	1,212,333	1,212,333
Broadcast royalties	-	2,191	2,191
Campaign	-	50,000	50,000
Miscellaneous	-	21,886	21,886
Change in value of investment in pooled funds (Note 2)	-	318,153	318,153
Total revenues, gains and other support	731,794	9,891,292	10,623,086
Expenses:			
Program services:			
Program and production operations	29,594	4,368,527	4,398,121
Broadcast and engineering	772,289	2,190,987	2,963,276
Program information and promotions	16,455	580,621	597,076
In-kind services	-	173,613	173,613
Total program services	818,338	7,313,748	8,132,086
Supporting services:			
Fundraising and membership development:			
Campaign	-	27,465	27,465
Development	42,477	698,400	740,877
Membership	38,957	924,569	963,526
Management and general	10,866	1,643,246	1,654,112
In-kind services	45,935	10,221	56,156
Total supporting services	46,065	3,396,071	3,442,136
Total expenses (including depreciation of $83,135 and $1,051,568 for KTBG and KCPT, respectively)	864,403	10,709,819	11,574,222
Changes in net assets	(132,609)	(818,527)	(951,136)
Net assets:			
Beginning	(498,673)	8,919,609	8,420,936
Ending	$ (686,668)	$ 8,156,468	$ 7,469,800

In addition to the basic financial statements, the Station presents a statement of activities for two departments of the Station. Brief explanations of the departments are as follows:

KTBG: This department is used to account for the operating activity of the radio station acquired and operated by the Station.

KCPT: This department is used to account for all other operations of the Station.

RSM