VPM Media Corporation
(formerly known as Commonwealth Public Broadcasting Corporation)

Financial Statements

June 30, 2019 and 2018

Keiter
Your Opportunity Advisors

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VPM MEDIA CORPORATION

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Keiter
Your Opportunity Advisors

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors of VPM Media Corporation
(formerly known as Commonwealth Public Broadcasting Corporation)
Richmond, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of VPM Media Corporation (formerly known as Commonwealth Public Broadcasting Corporation), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, 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; 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of VPM Media Corporation as of June 30, 2019 and 2018, and its changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Corporation adopted Accounting Standards Update ("ASU") 2016-14, *"Presentation of Financial Statements of Not-for-Profit Entities"* (Topic 958). As a result of this adoption, net assets are now presented as net assets without donor restrictions and net assets with donor restrictions. In addition, there are expanded disclosures related to the presentation of expenses by function and nature, endowments, and new disclosures of quantitative and qualitative information regarding liquidity and availability of resources. The adoption resulted in the reclassification of certain opening net asset balances. Our opinion is not modified with respect to this matter.

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents 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. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Keiter

October 31, 2019
Glen Allen, Virginia

VPM MEDIA CORPORATION

Statements of Financial Position
June 30, 2019 and 2018

Assets	2019	2018
Current assets:		
Cash and cash equivalents	$ 3,999,547	$ 5,635,131
Accounts receivable, net	416,134	280,799
Contributions receivable, net - current	42,750	289,727
Grants receivable	889,537	715,298
Prepaid expenses	217,225	214,335
Total current assets	5,565,193	7,135,290
Contributions receivable	-	4,000
Property and equipment, net	4,391,338	4,752,442
Intangible assets	1,696,253	1,696,253
Investments	28,818,630	28,689,913
Total assets	$ 40,471,414	$ 42,277,898
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$ 628,167	$ 249,306
Spectrum auction proceeds payable - current (see Note 19)	1,000,000	1,000,000
Accrued expenses	724,383	602,782
Accrued pension liability - current	826,000	759,000
Deferred revenue	184,101	328,058
Total current liabilities	3,362,651	2,939,146
Spectrum auction proceeds payable - noncurrent (see Note 19)	6,500,000	7,500,000
Accrued pension liability - noncurrent	4,017,102	3,202,901
Total liabilities	13,879,753	13,642,047
Net assets:		
Without donor restrictions:		
Undesignated	27,649,546	28,807,033
Board designated (see Note 1)	3,328,153	3,328,153
Minimum pension liability adjustment	(4,850,307)	(4,120,875)
Total without donor restrictions	26,127,392	28,014,311
With donor restrictions	464,269	621,540
Total net assets	26,591,661	28,635,851
Total liabilities and net assets	$ 40,471,414	$ 42,277,898

See accompanying notes to financial statements.

VPM MEDIA CORPORATION

Statements of Activities
Year Ended June 30, 2019, with Comparative Totals for 2018

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
Support and revenue:				
Operating:				
Community support:				
Membership contributions and corporate support	$ 3,762,435	$ 182,134	$ 3,944,569	$ 4,074,814
Underwriting	2,121,280	-	2,121,280	1,845,036
Production services	596,887	-	596,887	685,138
Public support - community service grants:				
Corporation for Public Broadcasting	2,258,231	-	2,258,231	1,355,528
Amortization of deferred revenue from capital grants	62,201	-	62,201	57,516
Broadcast services:				
Data transmission	564,792	-	564,792	564,792
Grants from VFPM	3,621,505	-	3,621,505	435,000
Miscellaneous	274,437	-	274,437	514,079
Total operating revenue	13,261,768	182,134	13,443,902	9,531,903
Spectrum auction proceeds, net (see Note 19)	-	-	-	3,356,420
Investment income, net	1,524,728	-	1,524,728	862,421
Rental income	610,592	-	610,592	406,340
Gain on disposal of property and equipment (see Note 7)	1,802,004	-	1,802,004	-
Contribution from SVETC	-	-	-	9,671,841
Total support and revenue	17,199,092	182,134	17,381,226	23,828,925
Net assets released from restrictions	339,405	(339,405)	-	-

See accompanying notes to financial statements.

VPM MEDIA CORPORATION

Statements of Activities, Continued
Year Ended June 30, 2019, with Comparative Totals for 2018

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
Expenses:				
Program:				
Educational television	$ 400,534	$ -	$ 400,534	$ 285,878
Programming and production	9,396,973	-	9,396,973	5,683,618
Broadcast and engineering	2,425,170	-	2,425,170	2,669,981
Promotions	740,312	-	740,312	495,797
Total program expenses	12,962,989	-	12,962,989	9,135,274
General and administrative	2,782,275	-	2,782,275	2,253,766
Fundraising	2,950,720	-	2,950,720	2,696,615
Total expenses	18,695,984	-	18,695,984	14,085,655
Change in net assets before change in minimum pension liability	(1,157,487)	(157,271)	(1,314,758)	9,743,270
Change in minimum pension liability	(729,432)	-	(729,432)	689,048
Total change in net assets	(1,886,919)	(157,271)	(2,044,190)	10,432,318
Net assets at beginning of year	28,014,311	621,540	28,635,851	18,203,533
Net assets at end of year	$ 26,127,392	$ 464,269	$ 26,591,661	$28,635,851

See accompanying notes to financial statements.

VPM MEDIA CORPORATION

Statements of Activities
Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Operating:			
Community support:			
Membership contributions and corporate support	$ 3,932,253	$ 142,561	$ 4,074,814
Underwriting	1,845,036	-	1,845,036
Data transmission	564,792	-	564,792
Public support - community service grants:			
Corporation for Public Broadcasting	1,355,528	-	1,355,528
Amortization of deferred revenue from capital grants	57,516	-	57,516
Broadcast services:			
Production services	685,138	-	685,138
Grants from VFPM	435,000	-	435,000
Miscellaneous	514,079	-	514,079
Total operating revenue	9,389,342	142,561	9,531,903
Spectrum auction proceeds, net (see Note 19)	3,356,420	-	3,356,420
Investment loss, net	862,421	-	862,421
Rental income	406,340	-	406,340
Contribution from SVETC	9,623,505	48,336	9,671,841
Total support and revenue	23,638,028	190,897	23,828,925
Net assets released from restrictions	190,843	(190,843)	-

See accompanying notes to financial statements.

VPM MEDIA CORPORATION

Statements of Activities, Continued
Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Expenses:			
Program:			
Educational television	$ 285,878	$ -	$ 285,878
Programming and production	5,683,618	-	5,683,618
Broadcast and engineering	2,669,981	-	2,669,981
Promotions	495,797	-	495,797
Total program expenses	9,135,274	-	9,135,274
General and administrative	2,253,766	-	2,253,766
Fundraising	2,696,615	-	2,696,615
Total expenses	14,085,655	-	14,085,655
Change in net assets before change in minimum pension liability	9,743,216	54	9,743,270
Change in minimum pension liability	689,048	-	689,048
Total change in net assets	10,432,264	54	10,432,318
Net assets at beginning of year	17,582,047	621,486	18,203,533
Net assets at end of year	$ 28,014,311	$ 621,540	$ 28,635,851

See accompanying notes to financial statements.

VPM MEDIA CORPORATION

Statements of Functional Expenses
Year Ended June 30, 2019

	Program Services						
	Educational Television	Programming and Production	Broadcast and Engineering	Promotions	General & Administrative	Fundraising	Total
Salaries, wages, & benefits	$ 285,091	$ 4,199,419	$ 857,930	$ 489,202	$ 1,287,816	$ 1,680,314	$ 8,799,772
Business supplies & equipment	828	76,486	10,300	1,387	20,994	13,748	123,742
Technical supplies & equipment	1,176	7,561	63,098	11,101	3,925	20,841	107,701
Repairs & maintenance	-	29,688	276,249	-	1,218	-	307,155
Occupancy	6,999	226,219	180,135	5,011	498,385	17,887	934,635
Communications	4,951	35,607	73,717	4,785	41,493	63,884	224,437
Postage and shipping	3,384	1,082	6,474	881	6,051	361,810	379,681
Printing and publications	11,910	179	-	58	10,014	53,976	76,138
Vehicle expense	1,029	26,716	3,126	-	4,317	59	35,247
Travel	18,165	129,565	14,837	15,685	12,292	83,717	274,260
Professional services	21,056	238,514	1,619	29,013	379,960	90,585	760,747
Dues, professional affliations	150	54,001	173	5,085	33,538	4,056	97,003
Advertising and public relations	436	23,657	-	87,987	4,923	3,956	120,958
Information technology	3,415	105,555	71,541	3,720	151,992	56,534	392,757
Programming	-	1,664,293	-	-	-	-	1,664,293
Conferences and meetings	200	8,327	502	765	6,932	2,980	19,705
Production	-	2,462,953	-	-	-	-	2,462,953
Premiums	-	8,628	-	-	-	125,481	134,109
Special events	41,057	852	-	83,026	1,629	40,112	166,676
Trades - In/Kind	-	-	-	-	-	319,766	319,766
Miscellaneous	-	410	15	2,441	-	10,153	13,019
Bad debt expense	-	-	-	-	10,000	-	10,000
	399,846	9,299,710	1,559,715	740,145	2,475,479	2,949,859	17,424,754
Depreciation	688	97,263	865,455	167	306,796	861	1,271,230
Totals	$ 400,534	$ 9,396,973	$ 2,425,170	$ 740,312	$ 2,782,275	$ 2,950,720	$ 18,695,984

See accompanying notes to financial statements.

VPM MEDIA CORPORATION

Statements of Functional Expenses
Year Ended June 30, 2018

	Program Services						
	Educational Television	Programming and Production	Broadcast and Engineering	Promotions	General & Administrative	Fundraising	Total
Salaries, wages, & benefits	$ 195,662	$ 3,042,961	$ 779,956	$ 383,423	$ 826,597	$ 1,494,893	$ 6,723,492
Business supplies & equipment	1,848	20,894	4,241	5,563	15,468	18,257	66,271
Technical supplies & equipment	-	39,909	146,792	-	4,665	49	191,415
Repairs & maintenance	-	8,196	179,485	-	2,771	-	190,452
Occupancy	8,488	169,349	177,254	8,850	522,139	20,815	906,895
Communications	4,336	21,305	73,973	1,966	5,841	49,996	157,417
Postage and shipping	2,989	7,871	1,845	355	1,633	401,302	415,995
Printing and publications	14,261	6,735	4,975	6,623	10,875	17,769	61,238
Vehicle expense	938	12,339	2,949	-	4,278	41	20,545
Travel	11,257	79,193	47,074	11,819	19,676	22,182	191,201
Professional services	6,795	178,826	193,234	17,933	519,003	73,611	989,402
Dues, professional affliations	150	45,510	19,298	-	11,723	7,837	84,518
Advertising and public relations	1,196	2,786	10,457	4,278	5,708	46,018	70,443
Information technology	3,136	77,043	103,614	1,179	142,343	13,783	341,098
Programming	-	1,204,348	-	-	-	294,795	1,499,143
Conferences and meetings	100	4,428	-	561	7,222	1,940	14,251
Production	12,000	469,207	1,731	-	-	1,500	484,438
Premiums	410	2,560	-	-	4,886	189,462	197,318
Special events	17,528	-	-	50,625	961	41,785	110,899
Miscellaneous	-	7,438	6,121	2,455	1,924	68	18,006
Bad debt expense	-	21,121	2,000	-	20,000	-	43,121
	281,094	5,422,019	1,754,999	495,630	2,127,713	2,696,103	12,777,558
Depreciation	4,784	261,599	914,982	167	126,053	512	1,308,097
Totals	$ 285,878	$ 5,683,618	$ 2,669,981	$ 495,797	$ 2,253,766	$ 2,696,615	$ 14,085,655

See accompanying notes to financial statements.

VPM MEDIA CORPORATION

Statements of Cash Flows
Years Ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	$ (2,044,190)	$ 10,432,318
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	1,271,230	1,308,097
Reinvested net investment income	(1,524,728)	(862,421)
Non-cash contribution from SVETC	-	(8,846,990)
Gain on disposal of equipment	(1,802,004)	-
Changes in assets and liabilities:		
Accounts receivable, net	(135,335)	(22,439)
Contributions receivable	250,977	143,365
Grants receivable	(174,239)	(715,298)
Spectrum auction proceeds receivable	-	181,956,420
Prepaid expenses	(2,890)	(32,683)
Accounts payable	378,861	(55,827)
Spectrum auction proceeds payable	(1,000,000)	(163,456,420)
Accrued expenses	121,601	72,968
Accrued pension liability	881,201	(406,748)
Deferred revenue	(143,957)	(144,823)
Net cash provided by (used in) operating activities	(3,923,473)	19,369,519
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	1,396,011	164,631,084
Purchases of investments	-	(175,930,009)
Purchases of property and equipment	(1,261,660)	(992,397)
Proceeds from sale of property and equipment	2,153,538	-
Purchase of assets of Alpha Media, LLC	-	(1,950,000)
Net cash provided by (used in) investing activities	2,287,889	(14,241,322)
Net change in cash	(1,635,584)	5,128,197
Cash and cash equivalents at the beginning of the year	5,635,131	506,934
Cash and cash equivalents at the end of the year	$ 3,999,547	$ 5,635,131

See accompanying notes to financial statements.

1. Summary of Significant Accounting Policies:

Nature of Business: Effective September 11, 2019, Commonwealth Public Broadcasting Corporation was reincorporated as VPM Media Corporation, dba VPM, (the "Corporation"). The Corporation is a nonprofit corporation whose primary operations consist of the production and/or broadcasting of instructional and noncommercial public interest television and radio programs in Central Virginia and the Shenandoah Valley over its stations WCVE, WVPT, WCVW and WCVE-FM in Richmond, WHTJ in Charlottesville, WCNV-FM in Heathsville, WMVE-FM in Chase City, WWLB-FM in Ettrick, and WBBT-FM in Powhatan, as well as digital programming. During 2018, the Corporation acquired certain assets of Alpha Media, LLC (see Note 3) and was the recipient of contributed assets and liabilities of Shenandoah Valley Educational Television Corporation ("SVETC"), (see Note 2).

The Corporation is controlled by The Virginia Foundation for Public Media (the "Foundation"), an organization with primarily common board members that was created with the proceeds received from the spectrum auction (see Note 19). These financial statements do not report the consolidation financial position or operations or cash flows of the Foundation.

Newly Adopted Accounting Standard: In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-14, "*Presentation of Financial Statements of Not-for-Profit Entities*" (Topic 958). The ASU amends the current reporting model for not-for-profit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all not-for-profits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of not-for-profit financial statements. The Corporation has adopted this ASU as of and for the year ended June 30, 2019, with the presentation shown retrospectively to include the 2018 totals.

Financial Statement Presentation: The Corporation reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

1. Summary of Significant Accounting Policies, Continued:

Financial Statement Presentation, Continued: Net assets without donor restrictions are net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions include undesignated and board designated net assets. Board designated net assets represent contributions with no donor-imposed stipulations as to their purpose which the Corporation's Board of Directors have earmarked for specific purposes. At June 30, 2019 and 2018, Board designated net assets include $3,000,000 designated for pension contributions and $328,153 designated for general purposes.

Net assets with donor restrictions consist of net assets whose use is limited by donor-imposed, time and/or purpose restrictions. Some net assets with donor restrictions include donor-imposed stipulations for specific operating purposes or for the acquisition of property or equipment. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Other donor-imposed restrictions are perpetual in nature, whereby the donor stipulates that they be maintained permanently by the Corporation to use all or part of the income earned on any related investments for general or specific purposes, in accordance with the conditions of each specific donation.

Recognition of Support and Revenue, Contributions and Grants: Contributions and grants are recognized when the donor makes a promise to give to the Corporation that is, in substance, unconditional. Contributions and grants that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the fiscal year in which the contribution or grant is recognized. All other donor-restricted contributions and grants are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Revenue from services is recorded as the service is rendered. Corporate underwriting support revenue is treated as an exchange transaction in which funds received are exchanged for underwriting credits with an equal value.

Fair Value of Financial Instruments: Due to the short-term nature of the Corporation's accounts receivable, contributions receivable, grants receivable, prepaid expenses, accounts payable, and accrued liabilities, there are no significant differences between their recorded and fair values.

Investments: All investments are measured at fair value with gains and losses included in operations (see Notes 4 and 8). Unrealized gains and losses are included in the accompanying statements of activities. Realized gains and losses on dispositions are based on the net proceeds and the carrying value of the securities sold, using the specific identification method. Interest is accrued as earned, and dividends are recorded on the ex-dividend date.

1. Summary of Significant Accounting Policies, Continued:

Intangible Assets: Intangible assets consist of rights to duplicate artwork of $121,584 acquired as part of the acquisition of SVETC (see Note 2) and broadcast licenses of $1,574,669 acquired as part of the acquisition of Alpha Media, LLC (see Note 3). The cost of rights to duplicate artwork for resale are charged to expense as the prints are sold. The broadcast licenses are considered to be indefinite-lived intangible assets and thus are not amortized. The Corporation is required to assess qualitative factors to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired on an annual basis in accordance with FASB Accounting Standards Codification ("ASC") 350-30-35. As of June 30, 2019, management determined that no qualitative factors exist that would require the Corporation to perform the quantitative test, and thus no impairment was recorded.

Property and Equipment: Purchased property and equipment are stated at cost. Major repairs and betterments are capitalized and normal maintenance and repairs are charged to expense as incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The lives range from 3-15 years for equipment and 5-30 years for buildings and leasehold improvements. Upon retirement or sale of an asset, the cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in operations.

Allowance for Doubtful Accounts: The Corporation uses the reserve method of accounting for bad debts on accounts and contributions receivable for financial reporting purposes. The balance of the Corporation's allowance for doubtful accounts receivable was $23,443 and $13,443 at June 30, 2019 and 2018. The balance of the Corporation's allowance for doubtful contributions receivable was $34,557 at June 30, 2018. There was no allowance for doubtful contributions receivable at June 30, 2019.

Concentrations of Credit Risk: Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of cash and accounts, grants, and contributions receivables. The majority of accounts receivable at June 30, 2019 and 2018 are from underwriting. The Corporation had one contributor account for 19% of accounts receivable at June 30, 2018. There were no accounts receivable concentrations at June 30, 2019. At June 30, 2019 and 2018, grants receivable consists of grants made by two grantors.

The Corporation maintains its cash balances in one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to $250,000. The Corporation periodically has funds in excess of the federally insured limits.

Deferred Revenue: The Corporation receives in advance payments primarily for data transmission and rental of tower space. These advance payments are recorded as deferred revenue when received and reclassified to support and revenue in the period to which they are earned.

1. Summary of Significant Accounting Policies, Continued:

Advertising Expenses: The Corporation expenses advertising costs as they are incurred. Advertising expense amounted to $120,958 for 2019 and $70,443 for 2018.

Functional Allocation of Expenses: Program, fundraising, and administrative costs have been summarized on a functional basis in the statements of activities. Certain direct costs have been charged to programs and supporting services on the basis of the activity benefited. Expenses directly attributable to a specific functional area of the Corporation are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated. Following FASB guidance on management and general expense, depreciation is allocated based on square footage basis. All other costs are evaluated on a per invoice basis to determine what functions have been served.

Tax Status: The Internal Revenue Service has determined that the Corporation is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. Under the provisions of Section 501, the Corporation is exempt from income taxes on income other than unrelated business income.

Management has evaluated the effect of guidance surrounding uncertain income tax positions and concluded that the Corporation has no significant financial statement exposure to uncertain income tax positions at June 30, 2019 or 2018. The Corporation is not currently under audit by any tax jurisdiction.

Pension Benefits: The Corporation has a noncontributory defined benefit pension plan (the “Plan”) that covered substantially all full-time employees. The Plan was frozen by the Board of Directors as of June 30, 2006. The Plan provides benefits that are based on compensation during the last five years before retirement and total years of service. The Corporation accounts for its pension plans in accordance with FASB guidance relating to employer’s accounting for defined benefit pension and other postretirement plans. The guidance requires recognition of the funded status of the Corporation’s benefit plan in its statements of financial position as of June 30, 2019 and 2018 and to recognize the gains or losses and prior service costs or credits that arise during the period but are not recognized as components of net periodic benefit cost. These amounts will be adjusted as they are subsequently recognized as components of net periodic benefit cost. The impact of changes to assumptions, including the discount rate, used to determine the minimum pension liability is shown on the accompanying statements of activities as the change in minimum pension liability (see Note 11). The Corporation’s funding policy is to make the minimum annual contribution that is required by applicable regulations, plus such amounts as the Corporation may determine to be appropriate from time to time.

Reclassifications: Certain prior year balances have been reclassified to conform with current year presentation.

1. Summary of Significant Accounting Policies, Continued:

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

2. Contribution From Shenandoah Valley Educational Television Corporation:

On November 15, 2017, the Corporation entered into a memorandum of understanding ("MOU") with SVETC, which operated WVPT, a broadcast company based in Harrisonburg, VA. Under the MOU, SVETC contributed certain of its assets and liabilities to the Corporation. The transaction closed on January 29, 2018, at which time the Corporation recorded the following assets and liabilities in its financial statements:

Cash and cash equivalents	$ 824,851
Accounts receivable	32,150
Investments	8,623,383
Prepaid expenses	47,000
Broadcast and duplication rights	121,584
Property and equipment, net	539,921
Accounts payable	(114,854)
Accrued expenses	(84,529)
Deferred revenue	(317,665)
Contribution from SVETC	$ 9,671,841

SVETC employees at the time of the execution of the MOU became employees of the Corporation.

3. Acquisition:

On December 12, 2017, the Corporation entered into an asset purchase agreement to acquire certain assets of Alpha Media, LLC. Under the terms of the agreement, the Corporation paid $1,950,000 to acquire certain property and equipment, licenses, and broadcast rights for two radio stations (WWLB-FM in Ettrick, and WBBT-FM in Powhatan) in the Central Virginia market. The Corporation allocated the purchase price as follows:

Property and equipment	$	375,331
Licenses and broadcast rights		1,574,669
Cash paid for assets	$	1,950,000

4. Investments:

Pursuant to its bylaws, the Corporation's Investment Committee provides general oversight of the security, funding, and investment management of the Corporation's endowment and investment assets, and review of its investment policies. The Investment Committee operates under a charter approved by the Board. The Corporation's investment policies describe overall investment objectives as well as defining types of authorized investments to provide for a diversified portfolio. Under these policies, investments are managed to maintain funds for future needs. The funds may be invested in U.S. government and corporate obligations, domestic and international equities, and other instruments meeting criteria established by the Board. Because of the long-term perspective and purpose, the Corporation's invested funds are reported as non-current assets.

Fair values by investment category are disclosed in Note 8.

Investment transactions are reported as follows for the years ended June 30, 2019 and 2018:

	2019	2018
Interest and dividends	$ 835,686	$ 589,715
Net realized gain	530,364	233,394
Net unrealized gain	221,875	98,994
Investment gain	1,587,925	922,103
Investment transaction costs and management fees	(63,197)	(59,682)
Investment income, net	$ 1,524,728	$ 862,421

5. Contributions Receivable, Net:

As of June 30, 2019 and 2018, contributors to the Corporation made unconditional written promises to give related to the following purposes:

	2019	2018
Without donor restrictions, net	$ -	$ 146,829
With donor restrictions:		
Capital campaign, net	2,750	96,898
TV	40,000	50,000
Total with donor restrictions	42,750	146,898
Total contributions receivable, net	$ 42,750	$ 293,727

The Corporation projects that contributors will remit these contributions as follows:

	2019	2018
Less than one year	$ 42,750	$ 289,727
One year to five years	-	4,000
	$ 42,750	$ 293,727

During 2019, management changed its methodology for estimating future collectability of contributions without donor restrictions. This change in accounting estimate resulted in a reduction of 2019 contribution revenue of $146,829.

Management has considered the present value of contributions receivable and has determined that the discount to net present value would be immaterial to the financial statements.

6. Grants Receivable:

As of June 30, 2018, the Corporation had outstanding grants receivable from the Corporation for Public Broadcasting and the Foundation of $715,298. These grants were received in fiscal year 2019. As of June 30, 2019, the Corporation had outstanding grants receivable from the Corporation for Public Broadcasting and the Foundation of $889,537. These grants are expected to be received in fiscal year 2020.

7. Property and Equipment, Net:

As of June 30, 2019 and 2018, property and equipment consisted of the following:

	2019	2018
Land	$ 55,107	$ 278,661
Buildings and leasehold improvements	5,392,808	6,834,137
Equipment	21,047,436	27,911,439
	26,495,351	35,024,237
Less accumulated depreciation	22,104,013	30,271,795
	$ 4,391,338	$ 4,752,442

During 2019, the Corporation sold a building and certain of its assets in Northern Virginia for proceeds of $2,153,538. The Corporation recorded a gain on disposal of $1,802,004, which is reflected as a component of non-operating revenue in the 2019 statement of activities.

8. Fair Value Measurements:

The FASB has issued guidance for measurement and disclosure of fair value and establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

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

Level 2 Quoted prices for similar instruments in active and inactive markets; and model driven valuations with significant inputs and drivers derived from observable active markets.

Level 3 Inputs to the valuation methodology are unobservable for the instrument and significant to the fair value measurement.

8. Fair Value Measurements, Continued:

Corporate obligations: Valued at original cost adjusted for any premium or coupon. At June 30, 2019 and 2018, the corporate obligations have no unfunded commitments and can be redeemed immediately upon notice with no other redemption restrictions.

Equities: Valued at the closing price reported on the active market on which the individual securities are traded.

Mortgage and asset-backed securities: Valued at original cost adjusted for any premium or coupon.

Pension plan liabilities: Valued by the actuarial valuation as of July 1, 2019 and 2018 (see Note 11).

Pension plan assets:

Common collective trusts: Valued daily at the net asset value ("NAV") of shares or units held by the Plan based on quoted market value of the underlying assets (see Note 11).

Mutual funds: Valued at the net asset value ("NAV") of shares held by the Plan at year end (see Note 11).

Cash equivalents: Considered highly liquid securities that were purchased with a maturity of three months or less. Valued at face value (see Note 11).

Insurance company general account: The contract is included in the financial statements at fair value, which represents earnings, less withdrawals and administrative expenses (see Note 11).

8. Fair Value Measurements, Continued:

The Corporation's investments are measured at fair value on a recurring basis at June 30, 2019, include the following:

	Fair Value Using			Investments
	Level 1	Level 2	Level 3	at Fair Value
Investments:				
Corporate obligations	$ -	$ 15,137,114	$ -	$ 15,137,114
Stocks	1,900,035	-	-	1,900,035
Mutual funds:				
Value	2,233,030	-	-	2,233,030
Growth	3,450,522	-	-	3,450,522
Blend	1,865,616	-	-	1,865,616
International	1,502,299	-	-	1,502,299
Allocation	316,040	-	-	316,040
Technology	279,539	-	-	279,539
Health	295,698	-	-	295,698
Financial	466,782	-	-	466,782
Energy	286,695	-	-	286,695
Other	1,015,454	-	-	1,015,454
Mortgage and asset-backed securities	-	69,806	-	69,806
Total investments	$ 13,611,710	$ 15,206,920	$ -	$ 28,818,630

The Corporation's pension plan assets and liabilities are measured at fair value on a recurring basis at June 30, 2019, include the following:

	Fair Value Using			Assets/Liabilities
	Level 1	Level 2	Level 3	at Fair Value
Pension plan assets:				
Investments in hierarchy	$ 3,351,253	$ -	$ -	$ 3,351,253
Investments measured at NAV [(a)]				6,198,667
Pension plan liabilities	-	-	(14,393,022)	(14,393,022)
Net pension plan assets (liabilities) at fair value	$ 3,351,253	$ -	$ (14,393,022)	$ (4,843,102)

8. Fair Value Measurements, Continued:

The Corporation's investments are measured at fair value on a recurring basis at June 30, 2018, include the following:

	Fair Value Using			Investments
	Level 1	Level 2	Level 3	at Fair Value
Investments:				
Corporate obligations	$ -	$ 14,034,254	$ -	$ 14,034,254
Stocks	1,757,380	-	-	1,757,380
Mutual funds and ETFs:				
Value	1,690,764	-	-	1,690,764
Growth	3,594,742	-	-	3,594,742
Blend	2,214,028	-	-	2,214,028
International	2,290,307	-	-	2,290,307
Allocation	559,949	-	-	559,949
Technology	346,100	-	-	346,100
Health	334,194	-	-	334,194
Financial	435,223	-	-	435,223
Energy	341,730	-	-	341,730
Other	948,206	-	-	948,206
Mortgage and asset-backed securities	-	143,036	-	143,036
Total investments	$ 14,512,623	$ 14,177,290	$ -	$ 28,689,913

The Corporation's pension plan assets and liabilities are measured at fair value on a recurring basis at June 30, 2018, include the following:

	Fair Value Using			Assets/Liabilities
	Level 1	Level 2	Level 3	at Fair Value
Pension plan assets:				
Investments in hierarchy	$ 3,275,178	$ -	$ -	$ 3,275,178
Investments measured at NAV [(a)]				6,115,600
Pension plan liabilities	-	-	(13,352,679)	(13,352,679)
Net pension plan assets (liabilities) at fair value	$ 3,275,178	$ -	$ (13,352,679)	$ (3,961,901)

[(a)] *In accordance with subtopic 820-10, these Plan assets (collective investment trusts) are measured at the net asset value per share (or its equivalent) as a practical expedient and have not been included in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in Note 11.*

9. Accrued Expenses:

Accrued expenses at June 30, 2019 and 2018 consisted of the following:

	2019	2018
Accrued payroll	$ 297,858	$ 232,440
Accrued vacation	351,406	306,948
Due to other organizations	36,477	36,477
Other accrued expenses	38,642	26,917
	$ 724,383	$ 602,782

10. Liquidity and Availability of Financial Assets:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date as of June 30, 2019, comprise the following:

Financial assets available within one year:	
Cash and cash equivalents	$ 3,999,547
Accounts receivable, net	416,134
Contributions receivable, net	42,750
Grants receivable	889,537
Investments	28,818,630
Total available within one year	34,166,598
Less those unavailable for general expenditure within one year:	
Net assets with donor restrictions	464,269
Net assets with board designations	3,328,153
Total unavailable within one year	3,792,422
Financial assets available for general expenditure within one year	$ 30,374,176

As part of the Corporation's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Although the Corporation does not intend to spend from Board designated funds for general expenditures, these funds could be made available if necessary.

11. Retirement Plans:

The Corporation has a noncontributory defined benefit pension plan that covered all employees meeting certain service requirements. The Plan was frozen by the Board of Directors as of June, 30, 2006. The Corporation recognizes the funded status (the difference between the benefit obligation and the fair value of plan assets) in its statements of financial position and recognizes previously unrecognized gains or losses and prior service costs or credits. The latest actuarial valuations were as of July 1, 2019 and 2018.

The following table presents a reconciliation of the beginning and ending balances of the benefit obligation, fair value of plan assets and the funded status of the aforementioned pension plan to the net amounts measured and recognized in the statement of financial position:

	2019	2018
Accumulated benefit obligation at the end of the year	$14,393,022	$13,352,679
Change in projected benefit obligation:		
Projected benefit obligation at the beginning of the year	$13,352,679	$14,110,827
Interest cost	557,914	539,768
Actuarial (gain) loss	1,183,670	(612,079)
Benefits paid	(701,241)	(685,837)
Projected benefit obligation at the end of the year	14,393,022	13,352,679
Change in plan assets:		
Fair value of plan assets at the beginning of the year	9,390,778	9,742,178
Actual return on plan assets	517,283	127,487
Employer contributions	343,100	206,950
Benefits paid	(701,241)	(685,837)
Fair value of plan assets at the end of the year	9,549,920	9,390,778
Accrued cost recognized in accrued liabilities	$ (4,843,102)	$ (3,961,901)

11. Retirement Plans, Continued:

The following table provides a reconciliation on the pension activity for the years ended June 30:

	2019	2018
Net periodic cost	$ 494,869	$ 489,250
Change in minimum pension liability	729,432	(689,048)
	1,224,301	(199,798)
Employer contributions	(343,100)	(206,950)
Change in accrued pension liability	$ 881,201	$ (406,748)

Net periodic cost and settlement/curtailment expense are included in salaries, wages and benefits in the accompanying statements of functional expenses.

The following table sets forth the weighted average assumptions as of June 30, 2019 and 2018:

	2019	2018
Discount rate	3.60%	4.30%
Expected rate of return on plan assets	4.84%	4.84%
Rate of compensation increases	N/A	N/A

The following table sets forth the other significant plan information for the plan years ended June 30, 2019 and 2018:

	2019	2018
Components of net periodic pension cost:		
Interest costs	$ 557,914	$ 539,768
Expected return on plan assets	(444,113)	(492,500)
Recognized losses	381,068	441,982
Net periodic cost	$ 494,869	$ 489,250
Benefits paid	$ 701,241	$ 685,837
Employer contribution	$ 343,100	$ 206,950

11. Retirement Plans, Continued:

Plan assets consist principally of long-term fixed income securities held by an insurance company and mutual funds that invest primarily in equities and corporate obligations. The Corporation's pension plan assets allocations are as follows:

	2019		2018	
Plan assets:				
Equity securities	24	%	24	%
Debt securities	72		72	
Money market	2		2	
Real estate	2		2	
Total	100	%	100	%

The fair value of the Corporation's pension plan assets at June 30, 2019 by asset category are as follows:

	Fair Value Using Level 1	Asset/Liabilities at Fair Value
Mutual funds - equities	$ 859,250	$ 859,250
Mutual funds - bonds	2,264,035	2,264,035
Cash equivalents	227,968	227,968
Total assets in the fair value hierarchy	$ 3,351,253	3,351,253
Investments measured at NAV [(a)]		6,198,667
Total assets at fair value		$ 9,549,920

11. Retirement Plans, Continued:

The fair value of the Corporation's pension plan assets at June 30, 2018 by asset category are as follows:

	Fair Value Using Level 1	Asset/Liabilities at Fair Value
Mutual funds - equities	$ 840,164	$ 840,164
Mutual funds - bonds	2,222,698	2,222,698
Cash equivalents	212,316	212,316
Total assets in the fair value hierarchy	$ 3,275,178	3,275,178
Investments measured at NAV [(a)]		6,115,600
Total assets at fair value		$ 9,390,778

[(a)] *In accordance with subtopic 820-10, these Plan assets are measured at the net asset value per share (or its equivalent) as a practical expedient and have not been included in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to total plan assets.*

Based on the July 1, 2019 plan valuation, a contribution of $410,000 is required for fiscal year 2020. Future benefit payments are expected to be $826,000 in fiscal year 2020, $813,000 in fiscal year 2021, $819,000 in fiscal year 2022, $841,000 in fiscal year 2023, $854,000 in fiscal year 2024 and $4,269,000 in the fiscal years through 2029.

The Corporation also maintains a contributory defined contribution plan under IRC Section 403(b), which allows eligible employees to defer a portion of their compensation. The Corporation provides an employer matching contribution of 35% on employee contributions up to 6% of salary. The total expense for the 403(b) plan was $91,742 for 2019 and $71,896 for 2018. Effective July 1, 2019, the Corporation increased its employer matching contribution to 50% of employee contributions up to 8% of salary.

12. Support Received in Exchange Transactions:

The Corporation receives various donated services from governmental agencies, corporations and businesses, and nonprofit entities in exchange for underwriting credits of a similar value to the services donated. The value of these services is determined by the actual value of the underwriting credit provided to the entity or the fair value of the contributed service. These are included as underwriting revenue and various offsetting expenses as indicated below.

The values of the support recognized in the financial statements through exchange transactions are as follows:

	2019	2018
TV	$ 121,565	$ 75,241
FM	198,201	219,554
	$ 319,766	$ 294,795

This support is included in fundraising expense on the accompanying statements of functional expenses.

13. Commitments and Contingencies:

The Corporation received equipment grants from federal agencies which covered the cost of specific items of equipment. The federal agencies have a lien on this equipment for a period of ten years from the date of acquisition. If during the ten-year period certain conditions are not met, or the equipment is disposed of, the Corporation could be required to refund a portion of the grant proceeds to the granting agency.

All tower lease agreements require the Corporation to return the leased land to a pristine condition in the event the leases are terminated. Management is unable to estimate the remedial costs that would be incurred to return land to a pristine condition. Management intends to renew all tower lease agreements indefinitely; therefore, management cannot reasonably estimate a timeframe in which those costs would be incurred. The accompanying financial statements do not include any adjustments if and when these agreements are terminated.

14. Operating Leases:

The Corporation leased space for television and radio transmitter equipment, office equipment and space, and vehicles at an expense of approximately $255,975 in 2019 and $180,880 in 2018.

The following is a schedule, by year, of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2019:

Year Ending June 30:	Amount
2020	$ 338,923
2021	325,740
2022	105,941
2023	78,972
2024 and thereafter	140,615
	$ 990,191

15. Rental Income:

The Corporation leases space to government agencies and telecommunications companies for the placement of antennas and other communications equipment on the Corporation's broadcast towers. The following is a schedule, by year, of minimum future rentals on noncancelable operating leases as of June 30, 2019:

Year Ending June 30:	Amount
2020	$ 1,206,898
2021	1,219,655
2022	1,250,377
2023	1,283,901
2024	1,320,494
	$ 6,281,325

These amounts will be included in rental income and data transmission on the accompanying statements of activities.

In September 2001, the Corporation entered into agreements with SpectraSite Broadcast Towers, Inc. for construction and management of a new broadcast tower, with construction to be provided by SpectraSite. The Corporation paid $600,000 in April 2004 to SpectraSite upon substantial completion of the tower.

As part of the agreement with SpectraSite, the Corporation will receive 50% of net revenue generated from non-broadcast tenants by the new tower.

15. Rental Income, Continued:

In September 2006, the Corporation entered into an Educational Broadband Service Long-Term Agreement to lease capacity on channels (WNC686, WHG238 and WHR972) to transmit in the Richmond, Virginia area. The initial term was for ten years with two renewal terms of ten years each. The agreement automatically renewed in September 2016. The Corporation has been issued an irrevocable standby letter of credit that automatically terminates upon termination of the Agreement.

16. Net Assets With Donor Restrictions:

Net assets of $339,405 and $190,843 were released from donor-imposed restrictions during the years ended June 30, 2019 and 2018, respectively, by incurring expenses or making capital acquisitions that satisfy the restricted purposes specified by the donor.

Net assets with donor restrictions of $77,778 as of June 30, 2019 and $235,049 as of June 30, 2018 consist of contributions/grants received for Ready to Learn projects, future programming, and a capital campaign for planned giving to fund technology improvements.

Net assets with donor restrictions of $386,491 at June 30, 2019 and 2018 consist of funds permanently restricted by donors for television and radio purposes.

17. Endowment Funds:

The Corporation's endowment (net assets with permanent donor restrictions) consists of two individual funds established by donors for television and radio purposes. As required by accounting principles generally accepted in the United States, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Corporation has interpreted Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Corporation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

17. Endowment Funds, Continued:

The remaining portions of the donor-restricted endowment fund that are not classified as restricted in perpetuity are only reclassified as net assets without donor restrictions when these amounts appropriated for expenditure are disbursed in accordance with donor restrictions in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Corporation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

Endowment Investing and Spending Policies: The Corporation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment funds are invested in a manner that is intended to produce stated investment results while assuming a moderate level of investment risk. The Corporation's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective return through diversification of asset classes. The current long-term return objective is to achieve a total rate of return that consistently ranks in the top quartile of investments with the same average asset allocation. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, the Corporation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Historically, the Corporation has targeted a diversified asset allocation that placed a greater value on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

The spending policy calculates the amount of money annually distributed from the Corporation's various endowed funds for programs and administration. The current spending policy is to distribute earnings, as available, to fund corporate operations.

17. Endowment Funds, Continued:

Funds with Deficits: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Corporation to retain as a fund of perpetual duration. In accordance with GAAP, it is the policy of the Corporation to absorb these losses with net assets without donor restrictions. There are no deficiencies at June 30, 2019 or 2018. The Corporation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required by law.

18. Guarantees:

Pursuant to its Articles of Incorporation, the Corporation has certain obligations to indemnify its current and former officers and directors for certain events or occurrences while the officer or director is, or was serving, at the Corporation's request in such capacities. The maximum liability under these obligations is limited by the Code of Virginia. The Corporation's insurance policies serve to further limit its exposure. The Corporation believes that the estimated fair value of these indemnification obligations is minimal.

In accordance with the terms of tower rental lease agreements, the Corporation generally agrees to indemnify the lessor from certain liabilities arising as a result of the use of the leased premises, including environmental liabilities and repairs to leased property upon termination of the lease. The Corporation is responsible for all repairs and maintenance of all towers that are owned by the Corporation. The Corporation also leases equipment and is responsible for all damages to the equipment while in its possession, exclusive of that caused by fire, flood, or other act of God.

19. Spectrum Auction Proceeds:

During 2017, the Federal Communications Commission ("FCC") held a voluntary auction to purchase the right to use broadcast spectrum from commercial and public broadcasters across the country with the goal to re-sell that spectrum to wireless providers for the benefit of creating more bandwidth for mobile broadband and other wireless services. The Corporation participated in this auction by offering two channels the Corporation controlled in the DC area, WNVT, Goldvein, Va and WNVC, Fairfax, Va. On April 13, 2017, the FCC announced the results of the bidding process, and the Corporation was awarded a one-time amount of $181,956,420 in exchange for its spectrum channels. The proceeds were received on July 21, 2017.

In accordance with an agreement with a third party, the Corporation was required to split the first $20 million of proceeds equally with the third party, and use the remaining proceeds to create a Foundation whose purpose is to foster public media in the Commonwealth of Virginia. As such, the Corporation recorded the auction proceeds net of the amounts required to be disbursed to the third party and the Foundation in the 2017 statements of activities as follows:

19. Spectrum Auction Proceeds, Continued:

Gross spectrum auction proceeds	$	181,956,420
Due to third party		(10,000,000)
Due to Parent/Foundation		(161,956,420)
Spectrum auction proceeds payable		(171,956,420)
Spectrum auction proceeds, net	$	10,000,000

During 2018, the Corporation and the Foundation determined that the amount to be used to start the Foundation was $158,600,000. The remaining $3,356,420 will remain the property of the Corporation and was recorded as revenue in 2018. Of this amount, the Board has determined that $3,000,000 will be used to fund future required pension contributions, and thus has been classified as board designated net assets on the 2019 and 2018 statements of financial position (see Note 1).

In accordance with the agreement, the Corporation remitted $1,000,000 to the third party during 2019 and shall remit the following amounts to the third party for the years ended June 30:

Year ending June 30:		Amount
2020	$	1,000,000
2021		1,000,000
2022		1,000,000
2023		4,500,000
	$	7,500,000

20. Related Party Transactions:

The Corporation received grant revenue from the Foundation of $3,621,505 during 2019 and $435,000 during 2018. Of these amounts, $444,579 and $274,100 is included in grants receivable on the accompanying statements of financial position at June 30, 2019 and 2018, respectively.

21. New Accounting Guidance:

Revenue Recognition: In May 2014, the FASB issued new guidance over revenue recognition which eliminates all transaction and industry-specific accounting principles and replaces them with a unified, five step approach. The new standard will be effective for periods beginning after December 15, 2018, and will permit the use of either the retrospective reporting for previous periods or the cumulative effect transition method. The Corporation is currently evaluating the reporting and economic implications of the new standard.

21. New Accounting Guidance, Continued:

Leases: In February 2016, the FASB issued new guidance over leases which requires that all leasing activity with initial terms in excess of twelve months be recognized on the balance sheet with a right of use asset and a lease liability. The standard will require entities to classify leases as either a finance, or operating lease based upon the contractual terms. For finance leases, the right to use asset and lease liability will be calculated based upon the present value of the lease payments. The asset will then be amortized and the interest on the obligation will be recognized separately within the statement of operations. On the statement of cash flows, the principal portion of the finance lease payments will be classified as a financing activity. For operating leases, the right to use asset and lease liability will also be calculated based upon the present value of the lease payments. However, the cost of the lease will generally be allocated over the lease term on a straight-line basis and presented as a single expense on the statement of operations. On the statement of cash flows, all cash payments for operating leases will be classified as an operating activity. The new standard will be effective for periods beginning after December 15, 2020, and will require entities to use a modified retrospective approach to the earliest period presented. The Corporation is currently evaluating the reporting and economic implications of the new standard.

Contributions: In June 2018, the FASB issued new guidance over contributions received and made by not-for-profit entities. This standard presents new methodology for determining whether a grant or contribution received or made by a not-for-profit entity should be accounted for as an exchange transaction or as a contribution. This new standard is effective for fiscal years beginning after December 15, 2018, for entities receiving contributions and fiscal years beginning after December 15, 2019, for entities providing contributions, with early adoption permitted. The Corporation is currently evaluating the reporting and economic implications of the new standard.

22. Subsequent Events:

The Corporation has evaluated subsequent events through October 31, 2019, the date the financial statements were available to be issued.

On July 31, 2019 the Corporation received a notice of inquiry from the Federal Communications Commission of potential violations of the Communications Act of 1934 relating to airing certain programming by one of the Corporation's programming suppliers without also airing any required sponsorship identification announcements. The Corporation has responded to the inquiry and has no basis on which to speculate as to the possible outcome or the potential penalty.

On December 31, 2018, the Corporation entered into an Asset Purchase Agreement to sell four radio tower sites previously owned by SVETC to Southern Valley Electric Cooperative for a price of $1.25 million. The final terms remain under negotiation and the sale is expected to occur late in calendar 2019.

SUPPLEMENTAL INFORMATION

VPM MEDIA CORPORATION

Schedule of Revenue and Expenses for Annual Financial Report
Year Ended June 30, 2019

	Radio	TV	Total
Support and revenue:			
Operating:			
Community support:			
Membership contributions and corporate support	$ 1,405,134	$ 2,475,255	$ 3,880,389
Underwriting - program	1,150,125	651,389	1,801,514
Underwriting - in-kind/trades	198,201	121,565	319,766
Underwriting - production	11,759	440,434	452,193
VFPM production grants	386,845	3,234,660	3,621,505
Public support - community service grants:			
Corporation for Public Broadcasting	209,182	2,049,049	2,258,231
Amortization of deferred revenue from capital grants		62,201	62,201
Broadcast services:			
Data transmission	-	564,792	564,792
Gain on disposal of property and equipment	-	1,802,004	1,802,004
Miscellaneous	-	279,371	279,371
Total operating revenue	3,361,246	11,680,720	15,041,966
Investment income, net	-	1,524,728	1,524,728
Rental income	42,586	568,006	610,592
Production services	-	203,940	203,940
Total support and revenue per Annual Financial Report (AFR)	$ 3,403,832	$ 13,977,394	$ 17,381,226

See report of independent accountants.

VPM MEDIA CORPORATION

Schedule of Revenue and Expenses for Annual Financial Report, Continued
Year Ended June 30, 2019

	Radio	TV	Total
Expenses:			
Program:			
Educational television	$ 117,578	$ 282,956	$ 400,534
Programming and production	2,321,261	7,075,712	9,396,973
Broadcast and engineering	451,417	1,973,753	2,425,170
Promotions	268,012	472,300	740,312
Total program expenses	3,158,268	9,804,721	12,962,989
General and administrative	132,884	2,649,391	2,782,275
Fundraising	1,242,250	1,708,470	2,950,720
Total expenses per AFR	4,533,402	14,162,582	18,695,984
Total change in net assets per AFR	$ (1,129,570)	$ (185,188)	$ (1,314,758)

See report of independent accountants.