

**University of Nebraska Television Department
A Department of the University of Nebraska**

Independent Auditor's Report and Financial Statements

June 30, 2017 and 2016



University of Nebraska Television Department
A Department of the University of Nebraska
June 30, 2017 and 2016

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Independent Auditor's Report

Board of Regents
Television Department of the
University of Nebraska – Lincoln
Lincoln, Nebraska

We have audited the accompanying financial statements of the University of Nebraska Television Department, a Department of the University of Nebraska, as of and for the years ended June 30, 2017 and 2016, and the related notes to financial statements, which collectively comprise the University of Nebraska Television Department's basic financial statements as listed in the table of contents.

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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University of Nebraska Television Department, a Department of the University of Nebraska, as of June 30, 2017 and 2016, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements present only the University of Nebraska Television Department, a Department of the University of Nebraska, and are not intended to present fairly the financial position of the University of Nebraska and changes in its financial position and its cash flows in conformity with accounting principles generally accepted in the United States of America. Our report is not modified with respect to this matter.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

BKD, LLP

Lincoln, Nebraska
January 8, 2018

University of Nebraska Television Department

A Department of the University of Nebraska

Management's Discussion and Analysis

Introduction and Reporting Entity

The following discussion and analysis is an overview of the financial position, activities and cash flows of the University of Nebraska Television Department and its component unit (the Department) for the years ended June 30, 2017, 2016, and 2015. Management of the Department has prepared the following discussion and it should be read with the financial statements and related footnotes which follow this section.

The Department is operated by the University of Nebraska-Lincoln and is governed by the University of Nebraska Board of Regents. The Department's financial statements present the Department and its component unit, NET Foundation for Television (Television Foundation). The Television Foundation is a citizen support organization which solicits funds to be used to support program promotion, program production and acquisition and computer support services.

Overview of the Financial Statements

The basic financial statements of the Department consist of Balance Sheets, Statements of Revenues, Expenses and Changes in Net Position and Statements of Cash Flows. The Department prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB). Net position of the Department is classified in three components; net investment in capital assets, restricted and unrestricted.

The Balance Sheets include Assets, Liabilities and Net Position of the Department as of June 30, 2017 and 2016. These statements are classified into Current and Non-Current Assets and Liabilities, with Net Position classified in the categories as noted above. The Statements of Revenues, Expenses and Changes in Net Position depict the operating revenues and expenses resulting in a Net Operating Loss, which is then combined with Nonoperating Revenues to provide the total Increase in Net Position. The Statements of Cash Flows show the sources and uses of cash flows from operations, noncapital financing activities, capital and related financing activities and investing activities. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Financial Highlights

The financial position of the Department remains strong, as Net Position increased by \$2,236,460, \$1,110,706 and \$1,422,694 for the years ended June 30, 2017 (FY 2017), June 30, 2016 (FY 2016) and June 30, 2015 (FY 2015), respectively.

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Management's Discussion and Analysis

Financial Highlights - Continued

Net Position totaled \$26,996,861, \$24,760,401, and \$23,649,695 at the end of FY 2017, FY 2016, and FY 2015, respectively. The Department's Operating Revenues increased by \$1,626,331 and Operating Expenses increased by \$2,385,650 in FY 2017. Operating Revenues were \$13,598,691 in FY 2017 compared to \$11,972,360 in FY 2016 and \$11,962,297 in FY 2015. Operating Expenses were \$15,472,486 in FY 2017, compared to \$13,086,836 in FY 2016 and \$13,426,188 in FY 2015. The Operating Loss for FY 2017 was \$1,873,795, including non-cash depreciation expense of \$188,239. The Operating Loss for FY 2016 was \$1,114,476, including non-cash depreciation expense of \$101,540. The Operating Loss for FY 2015 was \$1,463,891, including non-cash depreciation expense of \$91,577. Total Non-Operating Revenues were \$4,064,464, \$2,242,634, and \$2,767,922 in FY 2017, FY 2016, and FY 2015, respectively. The significant components of Non-Operating Revenues consisted of: University of Nebraska appropriations of \$1,973,802 in FY 2017, \$1,845,041 in FY 2016, and \$1,830,709 in FY 2015; contributions of \$144,282 in FY 2017, \$459,849 in FY 2016, and \$633,670 in FY 2015; and investment income of \$1,915,438 in FY 2017 and \$266,561 in FY 2015. The Department reported an investment loss of \$88,446 in FY 2016.

Contributed support totaled \$1,169,824, \$1,121,512, and \$1,152,093 for FY 2017, FY 2016 and FY 2015, respectively. Contributed support represents expenses paid on behalf of the Department by others outside the reporting entity. The amount of contributed support is reflected as revenues in the accompanying statements of revenues, expenses and changes in net position. Expenses of an equivalent amount are also recognized, thus there is no impact on total net position.

Cash and cash equivalents increased by \$201,520, \$913,820, and \$1,534,912 in FY 2017, FY 2016, and FY 2015 respectively. The Department's capital assets, net of accumulated depreciation, totaled \$1,222,236, \$771,495, and \$518,929 at June 30, 2017, 2016, and 2015, respectively. The Department has no outstanding debt obligations as of June 30, 2017.

Financial Analysis of the Statements

The Department's condensed financial statements are presented below for FY 2017, 2016, and 2015.

Current Assets consist primarily of equity in pooled cash, cash and cash equivalents, accounts and pledges receivable, investments and costs incurred for programs not yet broadcast. Non-Current Assets consist of investments and capital assets. Capital assets are presented net of accumulated depreciation of \$1,926,111, \$1,776,055, and \$1,702,255 at June 30, 2017, 2016, and 2015, respectively. Liabilities consist of accounts payable and accrued expenses and unearned revenues. Net Position is classified as net investment in capital assets, restricted and unrestricted.

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Management's Discussion and Analysis

Financial Analysis of the Statements - Continued

Operating Revenues consist primarily of program production and contracted service income and grants, community service grants, membership contributions and contributed support. Operating Expenses consist primarily of national and local programming and production, management and general expenses and fundraising and membership development. Nonoperating Revenues consist primarily of University of Nebraska appropriations and investment income or loss.

The net cash provided by noncapital financing activities was used primarily for operating activities, purchase of capital assets and investing activities.

Condensed Balance Sheets

	June 30,		
	2017	2016	2015
Assets			
Current assets	\$ 8,522,948	\$ 9,515,672	\$ 7,512,812
Property and equipment, net	1,222,236	771,495	518,929
Non-current investments	19,086,442	17,345,912	17,688,222
Total assets	<u>\$ 28,831,626</u>	<u>\$ 27,633,079</u>	<u>\$ 25,719,963</u>
Liabilities			
Current liabilities	<u>\$ 1,834,765</u>	<u>\$ 2,872,678</u>	<u>\$ 2,070,268</u>
Net Position			
Net investment in capital assets	1,222,236	771,495	518,929
Restricted for endowment - nonexpendable	2,877,103	2,831,312	2,848,764
Restricted for endowment - expendable	601,522	417,334	628,369
Unrestricted	<u>22,296,000</u>	<u>20,740,260</u>	<u>19,653,633</u>
Total net position	<u>26,996,861</u>	<u>24,760,401</u>	<u>23,649,695</u>
Total liabilities and net position	<u>\$ 28,831,626</u>	<u>\$ 27,633,079</u>	<u>\$ 25,719,963</u>
A Detailed Analysis of Unrestricted Net Position is as Follows			
Board-designated for next year operations	\$ 2,573,836	\$ 2,577,492	\$ 2,778,943
Board-designated acting as endowments	11,993,447	10,465,416	10,384,005
Undesignated	<u>7,728,717</u>	<u>7,697,352</u>	<u>6,490,685</u>
Total unrestricted net position	<u>\$ 22,296,000</u>	<u>\$ 20,740,260</u>	<u>\$ 19,653,633</u>

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Management's Discussion and Analysis

Condensed Statements of Revenues, Expenses and Changes in Net Position

	Years Ended June 30,		
	2017	2016	2015
Program production and contracted service income and grants	\$ 5,657,522	\$ 4,437,703	\$ 4,522,349
Community service grants	2,573,836	2,577,492	2,778,943
Membership contributions	2,812,573	2,539,992	2,535,385
Contributed support	1,169,824	1,121,512	1,152,093
Other operating revenues	1,384,936	1,295,661	973,527
Total operating revenues	13,598,691	11,972,360	11,962,297
National and local programming and production	10,193,058	7,843,639	8,150,049
Program information	716,025	625,655	449,624
Management and general	3,650,243	3,574,421	3,864,896
Fundraising and membership development	913,160	1,043,121	961,619
Total operating expenses	15,472,486	13,086,836	13,426,188
Operating loss	(1,873,795)	(1,114,476)	(1,463,891)
University of Nebraska appropriations	1,973,802	1,845,041	1,830,709
Community support	30,942	26,190	36,982
Contributions	144,282	459,849	633,670
Investment income (loss)	1,915,438	(88,446)	266,561
Total nonoperating revenues	4,064,464	2,242,634	2,767,922
Increase in net position before other revenues and gains	2,190,669	1,128,158	1,304,031
Additions to (reductions from) permanent endowments	45,791	(17,452)	118,663
Increase in net position	2,236,460	1,110,706	1,422,694
Net position, beginning of year	24,760,401	23,649,695	22,227,001
Net position, end of year	\$ 26,996,861	\$ 24,760,401	\$ 23,649,695

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Management's Discussion and Analysis

Condensed Statements of Cash Flows

	Years Ended June 30,		
	2017	2016	2015
Net cash used in operating activities	\$ (1,520,458)	\$ (1,535,494)	\$ (609,612)
Net cash provided by noncapital financing activities	2,439,242	2,549,556	2,334,090
Net cash used in capital and related financing activities	(642,172)	(354,106)	(11,350)
Net cash provided by (used in) investing activities	<u>(75,092)</u>	<u>253,864</u>	<u>(178,216)</u>
Net increase in cash and cash equivalents	201,520	913,820	1,534,912
Cash and cash equivalents, beginning of the year	<u>6,384,661</u>	<u>5,470,841</u>	<u>3,935,929</u>
Cash and cash equivalents, end of the year	<u><u>\$ 6,586,181</u></u>	<u><u>\$ 6,384,661</u></u>	<u><u>\$ 5,470,841</u></u>

Other Significant Matters

None

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Balance Sheets June 30, 2017 and 2016

Assets

	2017	2016
Current Assets		
Equity in pooled cash	\$ 5,674,365	\$ 5,543,639
Cash and cash equivalents	911,816	841,022
Grants receivable	120,226	451,309
Accounts and pledges receivable, net	538,784	867,252
Investments	850,000	600,000
Inventory	82,364	79,189
Costs incurred for programs not yet broadcast	249,792	1,026,921
Prepayments and other	95,601	106,340
	<u>8,522,948</u>	<u>9,515,672</u>
Total current assets		
	<u>8,522,948</u>	<u>9,515,672</u>
Noncurrent Assets		
Investments	19,086,442	17,345,912
Capital assets, net	1,222,236	771,495
	<u>20,308,678</u>	<u>18,117,407</u>
Total noncurrent assets		
	<u>20,308,678</u>	<u>18,117,407</u>
Total assets	<u>\$ 28,831,626</u>	<u>\$ 27,633,079</u>

Liabilities

Current Liabilities		
Accounts payable and accrued expenses	\$ 1,005,097	\$ 1,274,728
Unearned revenues		
Programs not yet broadcast	692,550	916,500
Other	137,118	681,450
	<u>1,834,765</u>	<u>2,872,678</u>
Total current liabilities		
	<u>1,834,765</u>	<u>2,872,678</u>

Net Position

Net investment in capital assets	1,222,236	771,495
Restricted for endowment - nonexpendable	2,877,103	2,831,312
Restricted for endowment - expendable	601,522	417,334
Unrestricted	22,296,000	20,740,260
	<u>26,996,861</u>	<u>24,760,401</u>
Total net position		
	<u>26,996,861</u>	<u>24,760,401</u>
Total liabilities and net position	<u>\$ 28,831,626</u>	<u>\$ 27,633,079</u>

University of Nebraska Television Department
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Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2017 and 2016

	2017	2016
Operating Revenues		
Program production and contracted service income and grants	\$ 5,657,522	\$ 4,437,703
Community service grants	2,573,836	2,577,492
Membership contributions	2,812,573	2,539,992
Contributed support	1,169,824	1,121,512
Program underwriting	314,597	275,812
Other grants	543,898	431,277
Other	526,441	588,572
Total operating revenues	<u>13,598,691</u>	<u>11,972,360</u>
Operating Expenses		
National and local programming and production	10,193,058	7,843,639
Program information	716,025	625,655
Management and general	3,650,243	3,574,421
Fundraising and membership development	913,160	1,043,121
Total operating expenses	<u>15,472,486</u>	<u>13,086,836</u>
Operating Loss	<u>(1,873,795)</u>	<u>(1,114,476)</u>
Nonoperating Revenues		
University of Nebraska appropriations	1,973,802	1,845,041
Community support	30,942	26,190
Contributions	144,282	459,849
Investment income (loss)	1,915,438	(88,446)
Net nonoperating revenues	<u>4,064,464</u>	<u>2,242,634</u>
Increase in Net Position before Other Revenues and Gains	2,190,669	1,128,158
Additions to (Reductions from) Permanent Endowments	<u>45,791</u>	<u>(17,452)</u>
Increase in Net Position	2,236,460	1,110,706
Net Position, Beginning of Year	<u>24,760,401</u>	<u>23,649,695</u>
Net Position, End of Year	<u><u>\$ 26,996,861</u></u>	<u><u>\$ 24,760,401</u></u>

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Statements of Cash Flows

Years Ended June 30, 2017 and 2016

	2017	2016
Operating Activities		
Program production and contracted service income and grants	\$ 6,092,629	\$ 3,658,435
Community service grants	2,573,836	2,577,492
Membership contributions	2,812,178	2,411,471
Program underwriting	314,597	275,812
Other grants	543,898	431,277
Other receipts	526,441	588,572
Payments to vendors	(6,478,289)	(4,051,897)
Payments to employees	(7,905,748)	(7,426,656)
Net cash used in operating activities	<u>(1,520,458)</u>	<u>(1,535,494)</u>
Noncapital Financing Activities		
Contributions	465,440	704,515
University of Nebraska appropriations	1,973,802	1,845,041
Net cash provided by noncapital financing activities	<u>2,439,242</u>	<u>2,549,556</u>
Capital and Related Financing Activities		
Purchase of capital assets	<u>(642,172)</u>	<u>(354,106)</u>
Net cash used in capital and related financing activities	<u>(642,172)</u>	<u>(354,106)</u>
Investing Activities		
Purchases of investments	(1,204,969)	(1,550,047)
Sales and maturities of investments	566,110	1,204,767
Interest and other revenues received	563,767	599,144
Net cash provided by (used in) investing activities	<u>(75,092)</u>	<u>253,864</u>
Increase in Cash and Cash Equivalents	201,520	913,820
Cash and Cash Equivalents, Beginning of Year	<u>6,384,661</u>	<u>5,470,841</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 6,586,181</u></u>	<u><u>\$ 6,384,661</u></u>
Reconciliation of Cash and Cash Equivalents to the Balance Sheets		
Equity in pooled cash	\$ 5,674,365	\$ 5,543,639
Cash and cash equivalents	<u>911,816</u>	<u>841,022</u>
	<u><u>\$ 6,586,181</u></u>	<u><u>\$ 6,384,661</u></u>

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Statements of Cash Flows - Continued
Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Reconciliation of Net Operating Loss to Net Cash Used in Operating Activities		
Operating loss	\$ (1,873,795)	\$ (1,114,476)
Depreciation expense	188,239	101,540
Loss on disposal of capital assets	3,192	-
Changes in operating assets and liabilities		
Grants receivable	331,083	(321,075)
Accounts and pledges receivable	84,043	(361,079)
Inventory	(3,175)	3,614
Costs incurred for programs not yet broadcast	777,129	(623,832)
Prepayments and other	10,739	(22,596)
Accounts payable and accrued expenses	(269,631)	381,617
Unearned revenues for programs not yet broadcast	(223,950)	(58,721)
Other unearned revenues	(544,332)	479,514
Net Cash Used in Operating Activities	<u><u>\$ (1,520,458)</u></u>	<u><u>\$ (1,535,494)</u></u>

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Notes to Financial Statements

June 30, 2017 and 2016

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The University of Nebraska Television Department (the “Department”) is operated by the University of Nebraska-Lincoln (the “University”) and is governed by the University of Nebraska Board of Regents (“Board of Regents”).

Basis of Accounting and Presentation

The financial statements of the Department have been prepared on the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions (principally federal and state grants and University appropriations) are recognized when all applicable eligibility requirements are met. Internal activity and balances are eliminated in preparation of the financial statements unless they relate to services provided and used internally. Operating revenues and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions. Government-mandated nonexchange transactions that are not program specific (such as University appropriations) and investment income are included in nonoperating revenues and expenses.

The Department’s financial statements present the Department (the primary government entity) and its component unit. The component unit is included in the Department’s reporting entity because of the financial accountability criteria in GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statement No. 34 and 14*. NET Foundation for Television is reported as part of the Department as a blended component unit.

NET Foundation for Television – NET Foundation for Television (the “TV Foundation”) is a citizen support organization which solicits funds to be used to support program promotion (advertising), program production and acquisition (sponsorship of programs) and computer support services. The TV Foundation is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. The distribution of TV Foundation funds is determined by the Board of Directors of the TV Foundation of which the General Manager of the Department is a member. Separate financial statements for the TV Foundation can be obtained by contacting the Department, 1800 North 33rd Street, Lincoln, NE 68503 or (402) 472-3611.

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Notes to Financial Statements

June 30, 2017 and 2016

Note 1: Nature of Operations and 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 of America 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, expenses and other changes in net position during the reporting period. Actual results could differ from those estimates.

Deposits and Equity in Pooled Cash

The Department considers all liquid investments including money market funds and equity in pooled cash held by the University, which are readily convertible to known amounts of cash and have original maturities of three months or less to be cash equivalents.

The Department participates in a cash management pool with the University. The University's cash and cash equivalents are deposited in a pooled State fund managed by the Nebraska State Treasurer. The Department's interest in the pool is shown as equity in pooled cash on the balance sheets.

Investments and Investment Income

Investments in equity securities having a readily determinable fair value and all debt securities are carried at fair value. Fair value of the equity in external investment pools is the same as the value of pool shares determined using the fair value of the pool's underlying investment portfolios. Other investments are valued at the lower of cost or fair value.

Investment income includes dividend, interest and other investment income and realized and unrealized gains and losses on investments carried at fair value.

Accounts and Pledges Receivable

Accounts receivable consists primarily of amounts billed for programming production contracts and is recorded net of estimated uncollectible amounts. The Department analyzes collectability of receivables based upon a review of outstanding receivables, historical collection information and existing economic conditions. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer. Pledges receivable consist of membership and contribution commitments outstanding, net of recorded discount and allowance. The Department provides an allowance for pledges receivable based upon a review of outstanding pledges and historical collection information.

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Notes to Financial Statements
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Note 1: Nature of Operations and Summary of Significant Accounting Policies - Continued

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The following estimated useful lives are being used by the Department:

Buildings	30 years
Towers and long-lived transmission equipment	15 - 20 years
Other transmission equipment	3 - 15 years
Production equipment	3 - 10 years
Office furniture and equipment	3 - 5 years
Information systems	3 years

Compensated Absences

University policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned, whether the employee is expected to realize the benefit as time off or in cash. Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs and no liability is accrued for such benefits employees have earned but not yet realized. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

Net Position

Net position of the Department is classified in four components. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction or improvement of those assets. The restricted for endowment – nonexpendable component of net position consists of noncapital assets that are required to be maintained in perpetuity as specified by donors. The restricted for endowment – expendable component consists

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Notes to Financial Statements June 30, 2017 and 2016

Note 1: Nature of Operations and Summary of Significant Accounting Policies - Continued

Net Position - Continued

of noncapital assets subject to externally-imposed restrictions that can be fulfilled by actions of the TV Foundation, including the spendable portion of endowments. The unrestricted component of net position is the remaining net position that does not meet the definition of the net investment in capital assets or the restricted components of net position. The Department first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position is available.

Unrestricted net position is designated by the Board for the following purposes:

	2017	2016
Next year operations	\$ 2,573,836	\$ 2,577,492
Endowments	11,993,447	10,465,416
Undesignated	7,728,717	7,697,352
	<u>\$ 22,296,000</u>	<u>\$ 20,740,260</u>

Revenue Recognition

The Department records revenue based on the following recognition policies:

Program production grants are reported as unearned revenues for programs not yet broadcast until the specific program is broadcast. At such time, amounts are included as revenues and the expenditures are recorded. Production income is recorded as unrestricted revenues on an accrual basis.

Membership contributions are recognized as operating revenues in the period they are received or the commitment is received.

Contributed support represents expenses paid on behalf of the Department by others and includes contributed professional services, donated materials or facilities and indirect administrative support.

Revenue related to program underwriting for subsequent fiscal years is reflected as unearned revenues in the accompanying balance sheets. Revenue is recognized when the related program is aired.

Grants for other purposes are recorded as unearned revenue, upon receipts of funds, until an expenditure is incurred for which the grant was intended. The amounts are then included in revenues.

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Notes to Financial Statements

June 30, 2017 and 2016

Note 1: Nature of Operations and Summary of Significant Accounting Policies - Continued

Revenue Recognition - Continued

University appropriations are recorded as revenue in the statements of revenues, expenses and changes in net position when an expenditure is recorded.

Contributions are recognized as nonoperating revenues in the period in which the promise is made or the funds are received, if no promise is made. As a matter of TV Foundation Board policy, all income received from bequests and gifts are designated by the TV Foundation Board to act as an endowment unless otherwise restricted by the donor. The internally designated funds are classified as unrestricted on the accompanying balance sheets.

Note 2: Deposits, Investments and Investment Return

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Department's deposits, through the University, are required to be maintained as part of the State of Nebraska's pooled cash and investments. The Department has been allocated a portion of the University's pooled cash and investments. At June 30, 2017, the TV Foundation had bank balances in excess of federally insured limits by approximately \$425,000.

Investments

The Department's investments, through the University, are required to be maintained as part of the State of Nebraska's pooled cash and investments. The Department does not have a formal investment policy. The TV Foundation's investment policy allows for a variety of investment options, so long as they follow the investment philosophy outlined in the investment policy approved by the Board of Directors.

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Notes to Financial Statements
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Note 2: Deposits, Investments and Investment Return - Continued

Investments - Continued

At June 30, 2017 and 2016, the Department had the following investments and maturities:

Type	Carrying Value	Maturities in Years		
		Less than 1	1 - 5	6 - 10
June 30, 2017				
U.S. agencies obligations	\$ 545,265	\$ 160,221	\$ 211,593	\$ 173,451
Mutual funds	2,785,561	2,785,561	-	-
Corporate bonds	1,779,960	302,012	946,827	531,121
Municipal bonds	214,954	50,506	58,724	105,724
External investment pools	7,468,357	7,468,357	-	-
Money market funds	501,854	501,854	-	-
	13,295,951	\$ 11,268,511	\$ 1,217,144	\$ 810,296
Corporate stocks	5,816,479			
	\$ 19,112,430			
June 30, 2016				
U.S. agencies obligations	\$ 556,100	\$ 127,613	\$ 295,712	\$ 132,775
Mutual funds	2,483,119	2,483,119	-	-
Corporate bonds	1,576,482	26,167	1,045,311	505,004
Municipal bonds	228,188	-	118,364	109,824
External investment pools	6,974,415	6,974,415	-	-
Money market funds	81,230	81,230	-	-
	11,899,534	\$ 9,692,544	\$ 1,459,387	\$ 747,603
Corporate stocks	5,222,307			
	\$ 17,121,841			

The mutual funds, external investment pools and money market funds are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

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Notes to Financial Statements June 30, 2017 and 2016

Note 2: Deposits, Investments and Investment Return - Continued

Investments - Continued

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The TV Foundation’s investment policy states fixed income holdings shall emphasize intermediate maturity bonds.

Credit Risk - Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The TV Foundation’s investment policy limits its investments in bonds to Baa/BBB or better and specifies the average quality rating of the fixed income portfolio shall be greater than “A” rated.

At June 30, 2017 and 2016, all of the Department’s investments in U.S. agencies obligations were rated Aaa by Moody’s Investors Service, and no ratings were available for the investments in money market funds, mutual funds and external investment pools.

At June 30, 2017 and 2016, investments in corporate bonds were rated by Standard & Poor’s at the rates in the following table:

	Fair Value	
	2017	2016
Standard & Poor's		
AAA	\$ 48,761	\$ -
AA+	303,384	310,728
AA	258,680	215,671
AA-	127,935	132,706
A+	75,843	25,516
A	385,757	346,013
A-	348,638	334,909
BBB+	128,279	158,818
BBB	77,552	26,619
BBB-	25,131	25,502
	<u>\$ 1,779,960</u>	<u>\$ 1,576,482</u>

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Notes to Financial Statements June 30, 2017 and 2016

Note 2: Deposits, Investments and Investment Return - Continued

Investments – Continued

At June 30, 2017 and 2016, investments in municipal bonds were rated by Standard & Poor's at the rates in the following table:

	Fair Value	
	2017	2016
Standard & Poor's		
AAA	\$ 26,671	\$ 28,118
AA+	52,050	53,997
AA	53,764	56,367
A+	27,002	27,709
A	50,506	51,985
Not Rated	4,961	10,012
	<u>\$ 214,954</u>	<u>\$ 228,188</u>

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Department will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

Concentration of Credit Risk - The TV Foundation limits the amount that may be invested in any one issuer. Except for U.S. treasury and agency obligations, the fixed income portion of the portfolio shall not contain more than 10% of total market value from any given issuer. Limitations are also placed on the equity portion of the portfolio as follows:

- No single mutual equity fund shall exceed 15% of the portfolio's market value
- No single international equity fund shall exceed 10% of the portfolio's market value
- No single equity security shall exceed 10% of the portfolio's market value
- No single international equity security shall exceed 5% of the portfolio's market value

Foreign Currency Risk - This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The TV Foundation's exposure to foreign currency risk derives from its investment in international mutual funds and equity securities. The TV Foundation's investment policy permits it to hold up to 10% of total investments in foreign currency-denominated mutual funds or equity securities. At June 30, 2017 and 2016, the TV Foundation's investment in international mutual funds and equity securities had a fair value of \$1,104,201 and \$806,360, respectively.

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Notes to Financial Statements
June 30, 2017 and 2016

Note 2: Deposits, Investments and Investment Return - Continued

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the balance sheets as follows:

	2017	2016
Carrying value		
Deposits	\$ 1,735,828	\$ 1,665,093
Investments	19,112,430	17,121,841
Equity in pooled cash	<u>5,674,365</u>	<u>5,543,639</u>
	<u><u>\$ 26,522,623</u></u>	<u><u>\$ 24,330,573</u></u>

	2017	2016
Included in the following balance sheet captions		
Equity in pooled cash	\$ 5,674,365	\$ 5,543,639
Cash and cash equivalents	911,816	841,022
Investments - current	850,000	600,000
Investments - noncurrent	<u>19,086,442</u>	<u>17,345,912</u>
	<u><u>\$ 26,522,623</u></u>	<u><u>\$ 24,330,573</u></u>

Investment Income

Investment income (loss) for the years ended June 30, 2017 and 2016, consisted of:

	2017	2016
Interest and dividend income	\$ 563,767	\$ 461,329
Net realized and unrealized gains (losses) on investments reported at fair value	<u>1,351,671</u>	<u>(549,775)</u>
	<u><u>\$ 1,915,438</u></u>	<u><u>\$ (88,446)</u></u>

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Notes to Financial Statements June 30, 2017 and 2016

Note 3: Capital Assets

Capital assets activity for the years ended June 30, 2017 and 2016 was:

2017	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Buildings	\$ 185,219	\$ -	\$ -	\$ -	\$ 185,219
Towers and transmission equipment	336,009	-	(35,700)	-	300,309
Production equipment	1,037,577	642,172	(5,675)	188,823	1,862,897
Office furniture and equipment	249,963	-	-	-	249,963
Information systems	549,959	-	-	-	549,959
Total	<u>2,358,727</u>	<u>642,172</u>	<u>(41,375)</u>	<u>188,823</u>	<u>3,148,347</u>
Less accumulated depreciation					
Buildings	184,093	985	-	-	185,078
Towers and transmission equipment	334,426	332	(34,558)	-	300,200
Production equipment	503,351	173,721	(3,625)	-	673,447
Office furniture and equipment	232,195	4,737	-	-	236,932
Information systems	521,990	8,464	-	-	530,454
Total	<u>1,776,055</u>	<u>188,239</u>	<u>(38,183)</u>	<u>-</u>	<u>1,926,111</u>
Work-in-progress	<u>188,823</u>	<u>-</u>	<u>-</u>	<u>(188,823)</u>	<u>-</u>
Net Capital Assets	<u>\$ 771,495</u>	<u>\$ 453,933</u>	<u>\$ (3,192)</u>	<u>\$ -</u>	<u>\$ 1,222,236</u>

2016					
Buildings	\$ 185,219	\$ -	\$ -	\$ -	\$ 185,219
Towers and transmission equipment	352,689	-	(16,680)	-	336,009
Production equipment	899,757	137,820	-	-	1,037,577
Office furniture and equipment	244,023	17,000	(11,060)	-	249,963
Information systems	539,496	10,463	-	-	549,959
Total	<u>2,221,184</u>	<u>165,283</u>	<u>(27,740)</u>	<u>-</u>	<u>2,358,727</u>
Less accumulated depreciation					
Buildings	179,670	4,423	-	-	184,093
Towers and transmission equipment	349,517	1,589	(16,680)	-	334,426
Production equipment	416,179	87,172	-	-	503,351
Office furniture and equipment	242,367	888	(11,060)	-	232,195
Information systems	514,522	7,468	-	-	521,990
Total	<u>1,702,255</u>	<u>101,540</u>	<u>(27,740)</u>	<u>-</u>	<u>1,776,055</u>
Work-in-progress	<u>-</u>	<u>188,823</u>	<u>-</u>	<u>-</u>	<u>188,823</u>
Net Capital Assets	<u>\$ 518,929</u>	<u>\$ 252,566</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 771,495</u>

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Notes to Financial Statements

June 30, 2017 and 2016

Note 4: Pension Plan

The Department participates in the University's defined contribution retirement plan, Basic Retirement Plan 401(a), which covers employees of the Department. The retirement plan was established and can be amended by the University's Board of Regents. Employees (at least .5 FTE) are eligible to participate upon reaching age 26 and having completed 24 months of service, and are required to participate upon reaching age 30 and having completed 24 months of service. Under the plan, employees select between two levels of participation. In Tier 1, the employee contributes 3.5% and the Department contributes 6.5% of the employee's monthly earnings. In Tier 2, the employee contributes 5.5% and the Department contributes 8.0% of the employee's monthly earnings. All contributions, including those made by the University, are vested immediately. The plan provides that the total contributions made for each employee, together with applicable earnings, are to be used to provide an annuity upon retirement. Costs under this plan are funded as they accrue. The Department's portion of the total cost of this plan was approximately \$401,000 and \$383,000 in 2017 and 2016, respectively.

Note 5: Related Parties

The following are entities related to the Department:

Nebraska Educational Telecommunications Commission (the Commission) – The Commission is an instrumentality of the State of Nebraska. The Commission is governed by a Board of Commissioners, some of whom are appointed by the Governor and ratified by the Legislature plus the president of the University of Nebraska and the State Commissioner of Education or their respective designee.

For promotional purposes the Department and the Commission are collectively referred to as the Nebraska Educational Telecommunications Network (the Network). The responsibilities of the Department and the Commission are specified in an agreement dated April 24, 2004. The Department serves as the primary production arm of the Network, while the Commission's primary responsibility is transmission.

The Commission each year transfers a Community Service Grant (CSG), a Distance Service Grant (DSG) and an Interconnection Grant, received from the Corporation for Public Broadcasting (CPB), to the Department to fund programming of the Network. The CSG, DSG and Interconnection Grants transferred from the Commission totaling \$1,746,187 and \$1,696,714 in 2017 and 2016, respectively, are included in the financial statements as community service grants revenues and as various program and supporting services expenses. The Commission also contracts with the Department for services that are paid from state appropriations. The amount received for services provided to the Commission for fiscal years 2017 and 2016 was approximately \$1,960,000 and \$1,880,000, respectively, and is included in the accompanying financial statements as contracted service income. As of June 30, 2017 and 2016, the Commission owed the Department approximately \$55,000 and \$59,000, respectively.

University of Nebraska Television Department

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Notes to Financial Statements

June 30, 2017 and 2016

Note 5: Related Parties - Continued

The Commission owns the Nebraska Educational Telecommunications Center (the Center), which is used primarily for administration, programming and production and broadcasting of the Network. The Commission provides space in the Center to the Department, including custodial and basic maintenance expenses at no cost to the Department.

NET Foundation for Radio (the Radio Foundation) - The Radio Foundation reimbursed the Department approximately \$462,000 and \$415,000 in fiscal years 2017 and 2016, respectively, for employee costs related to the Radio Foundation. As of June 30, 2017 and 2016, the Radio Foundation owed the Department \$86,347 and \$122,041, respectively. The TV Foundation was owed \$773 and \$426 from the Radio Foundation at June 30, 2017 and 2016, respectively. The TV Foundation owed the Radio Foundation \$85,094 and \$105,810 at June 30, 2017 and 2016, respectively.

See Note 8 for contributed support from the University.

Note 6: Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** 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 for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

The Department's investments in money market funds are carried at amortized cost, and thus are not included within the fair value hierarchy.

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Notes to Financial Statements June 30, 2017 and 2016

Note 6: Disclosures About Fair Value of Assets and Liabilities – Continued

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2017 and 2016:

June 30, 2017	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Mutual funds			
International	\$ 882,461	\$ 882,461	\$ -
Mid cap	131,826	131,826	-
Small cap	446,894	446,894	-
Fixed income	1,022,812	1,022,812	-
Common stock			
Basic materials	153,777	153,777	-
Consumer discretionary	696,492	696,492	-
Consumer staples	508,305	508,305	-
Energy	449,382	449,382	-
Financial	939,354	939,354	-
Health care	1,095,018	1,095,018	-
Industrials	553,650	553,650	-
Information technology	1,237,988	1,237,988	-
Telecommunications	69,580	69,580	-
Utilities	112,933	112,933	-
Equity exchange traded funds	301,568	301,568	-
U.S. government agency securities and municipal bonds	760,219	-	760,219
Corporate bonds	1,779,960	1,779,960	-
External investment pools	7,468,357	-	7,468,357
	<u>\$ 18,610,576</u>	<u>\$ 10,382,000</u>	<u>\$ 8,228,576</u>

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Notes to Financial Statements June 30, 2017 and 2016

Note 6: Disclosures About Fair Value of Assets and Liabilities - Continued

June 30, 2016	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Mutual funds			
International	\$ 744,415	\$ 744,415	\$ -
Mid cap	177,920	177,920	-
Small cap	384,432	384,432	-
Fixed income	1,029,999	1,029,999	-
Common stock			
Basic materials	44,624	44,624	-
Consumer discretionary	682,261	682,261	-
Consumer staples	640,142	640,142	-
Energy	504,783	504,783	-
Financial	817,111	817,111	-
Health care	864,277	864,277	-
Industrials	425,041	425,041	-
Information technology	995,032	995,032	-
Telecommunications	86,999	86,999	-
Utilities	162,037	162,037	-
Equity exchange traded funds	146,353	146,353	-
U.S. government agency securities and municipal bonds	784,288	-	784,288
Corporate bonds	1,576,482	1,576,482	-
External investment pools	6,974,415	-	6,974,415
	<u>\$ 17,040,611</u>	<u>\$ 9,281,908</u>	<u>\$ 7,758,703</u>

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Department does not have any Level 3 investments.

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Notes to Financial Statements June 30, 2017 and 2016

Note 7: Blended Component Unit

The NET Foundation for Television's financial statements for the years ended June 30, 2017 and 2016 have been blended with the Department's financial statements. All significant intercompany accounting transactions have been eliminated as required by generally accepted accounting principles. In addition, endowment receivables recognized by the TV Foundation are not recorded by the Department.

Condensed balance sheets for the TV Foundation as of June 30, 2017 and 2016 and the related condensed statements of revenues, expenses and changes in net position and statements of cash flows for the years then ended are as follows:

Condensed Balance Sheets

2017	TV Foundation	Eliminations	Total
Assets			
Current assets	\$ 2,484,409	\$ (13,114)	\$ 2,471,295
Other assets	16,051,100	(357,521)	15,693,579
Total assets	<u>\$ 18,535,509</u>	<u>\$ (370,635)</u>	<u>\$ 18,164,874</u>
Liabilities and Net Position			
Liabilities			
Payable to Television Department	\$ 512,689	\$ (512,689)	\$ -
Other current liabilities	1,062,699	-	1,062,699
Total liabilities	<u>1,575,388</u>	<u>(512,689)</u>	<u>1,062,699</u>
Net Position			
Restricted for endowment - nonexpendable	3,152,008	(274,905)	2,877,103
Restricted for endowment - expendable	601,552	-	601,552
Unrestricted	<u>13,206,561</u>	<u>416,959</u>	<u>13,623,520</u>
Total net position	<u>16,960,121</u>	<u>142,054</u>	<u>17,102,175</u>
Total liabilities and net position	<u>\$ 18,535,509</u>	<u>\$ (370,635)</u>	<u>\$ 18,164,874</u>

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Notes to Financial Statements
June 30, 2017 and 2016

Note 7: Blended Component Unit – Continued

2016	TV Foundation	Eliminations	Total
Assets			
Current assets	\$ 3,076,427	\$ (15,475)	\$ 3,060,952
Other assets	<u>14,262,131</u>	<u>(347,658)</u>	<u>13,914,473</u>
Total assets	<u><u>\$ 17,338,558</u></u>	<u><u>\$ (363,133)</u></u>	<u><u>\$ 16,975,425</u></u>
Liabilities and Net Position			
Liabilities			
Payable to Television Department	\$ 1,077,442	\$ (1,077,442)	\$ -
Other current liabilities	<u>1,283,017</u>	<u>-</u>	<u>1,283,017</u>
Total liabilities	<u><u>2,360,459</u></u>	<u><u>(1,077,442)</u></u>	<u><u>1,283,017</u></u>
Net Position			
Restricted for endowment - nonexpendable	3,102,225	(270,913)	2,831,312
Restricted for endowment - expendable	417,334	-	417,334
Unrestricted	<u>11,458,540</u>	<u>985,222</u>	<u>12,443,762</u>
Total net position	<u><u>14,978,099</u></u>	<u><u>714,309</u></u>	<u><u>15,692,408</u></u>
Total liabilities and net position	<u><u>\$ 17,338,558</u></u>	<u><u>\$ (363,133)</u></u>	<u><u>\$ 16,975,425</u></u>

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Notes to Financial Statements
June 30, 2017 and 2016

Note 7: Blended Component Unit - Continued

**Condensed Statements of Revenues, Expenses
and Changes in Net Position**

	Year Ended June 30, 2017		
	TV Foundation	Eliminations	Total
Operating revenues	\$ 5,178,353	\$ (9,863)	\$ 5,168,490
Operating expenses			
Programming and production	2,971,045	564,753	3,535,798
Program information	428,324	-	428,324
Management and general	220,816	-	220,816
Fundraising and membership development	1,363,043	-	1,363,043
Total operating expenses	4,983,228	564,753	5,547,981
Operating income (loss)	195,125	(574,616)	(379,491)
Investment income	1,568,243	-	1,568,243
Other nonoperating revenues	175,224	-	175,224
Net nonoperating revenues	1,743,467	-	1,743,467
Income before capital grants and other gains	1,938,592	(574,616)	1,363,976
Additions to permanent endowments	43,430	2,361	45,791
Increase in net position	1,982,022	(572,255)	1,409,767
Net position, beginning of year	14,978,099	714,309	15,692,408
Net position, end of year	\$ 16,960,121	\$ 142,054	\$ 17,102,175

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Notes to Financial Statements
June 30, 2017 and 2016

Note 7: Blended Component Unit - Continued

**Condensed Statements of Revenues, Expenses
and Changes in Net Position - Continued**

	Year Ended June 30, 2016		
	TV Foundation	Eliminations	Total
Operating revenues	\$ 4,441,518	\$ (12,914)	\$ 4,428,604
Operating expenses			
Programming and production	3,178,835	(523,301)	2,655,534
Program information	349,705	-	349,705
Management and general	209,508	-	209,508
Fundraising and membership development	1,453,231	-	1,453,231
Total operating expenses	5,191,279	(523,301)	4,667,978
Operating loss	(749,761)	510,387	(239,374)
Investment income	30,875	-	30,875
Other nonoperating revenues	448,696	(32,311)	416,385
Net nonoperating revenues	479,571	(32,311)	447,260
Income (loss) before capital grants and other gains	(270,190)	478,076	207,886
Additions to permanent endowments	54,597	(4,906)	49,691
Increase (decrease) in net position	(215,593)	473,170	257,577
Net position, beginning of year	15,193,692	241,139	15,434,831
Net position, end of year	\$ 14,978,099	\$ 714,309	\$ 15,692,408

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Notes to Financial Statements
June 30, 2017 and 2016

Note 7: Blended Component Unit - Continued

Condensed Statements of Cash Flows

	Year Ended June 30, 2017		
	TV Foundation	Eliminations	Total
Net cash flows provided by operating activities	\$ 683,384	\$ -	\$ 683,384
Net cash flows provided by noncapital financing activities	26,269	-	26,269
Net cash flows used in investing activities	<u>(638,859)</u>	<u>-</u>	<u>(638,859)</u>
Net increase in cash and cash equivalents	70,794	-	70,794
Cash and cash equivalents, beginning of year	<u>841,022</u>	<u>-</u>	<u>841,022</u>
Cash and cash equivalents, end of year	<u><u>\$ 911,816</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 911,816</u></u>

	Year Ended June 30, 2016		
	TV Foundation	Eliminations	Total
Net cash flows provided by operating activities	\$ 319,486	\$ -	\$ 319,486
Net cash flows provided by noncapital financing activities	63,522	-	63,522
Net cash flows used in investing activities	<u>(345,280)</u>	<u>-</u>	<u>(345,280)</u>
Net increase in cash and cash equivalents	37,728	-	37,728
Cash and cash equivalents, beginning of year	<u>803,294</u>	<u>-</u>	<u>803,294</u>
Cash and cash equivalents, end of year	<u><u>\$ 841,022</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 841,022</u></u>

Note 8: Contributed Support

Contributed support represents expenses paid on behalf of the Department by others outside the reporting entity, and includes contributed professional services, donated materials or facilities, and indirect administrative support. The amount of contributed services is reflected as revenues in the accompanying statements of revenues, expenses and changes in net position. As expenses of an equivalent amount are also recognized, there is no impact on net position.

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Notes to Financial Statements
June 30, 2017 and 2016

Note 8: Contributed Support - Continued

Institutional support from the University of \$1,169,824 and \$1,121,512 for 2017 and 2016, respectively, consists of certain administrative costs and other expenses incurred by the University on behalf of the Department. The allocation was calculated as 2.4% of the applicable institutional support of the University for both 2017 and 2016.

Note 9: Risk Management

The University of Nebraska Television department is a department within the University of Nebraska and falls under the risk management policies of the University. The University maintains insurance and self-insurance programs. Workers' compensation, health care, employee liability and general liability are generally self-insured with commercial insurance for losses in excess of self-insurance. The Department also carries commercial insurance for errors and omissions coverage. Settled claims have not exceeded commercial insurance coverage levels in any of the past three years.

Note 10: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Investments

The Department invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying balance sheets.