

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

Independent Auditor's Report and Financial Statements

June 30, 2020 and 2019

University of Nebraska Television Department
A Department of the University of Nebraska
June 30, 2020 and 2019

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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, 2020 and 2019, and the related notes to the 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, 2020 and 2019, 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 opinion 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 as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a 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
December 3, 2020

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, 2020, 2019, and 2018. 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, Deferred Inflows of Resources and Net Position of the Department as of June 30, 2020 and 2019. These statements are classified into Current and Noncurrent 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 \$2,847,166, \$1,388,833 and \$2,442,898 for the years ended June 30, 2020 (FY 2020), June 30, 2019 (FY 2019) and June 30, 2018 (FY 2018), respectively.

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Management's Discussion and Analysis

Financial Highlights - Continued

Net Position totaled \$33,675,758, \$30,828,592, and \$29,439,759 at the end of FY 2020, FY 2019, and FY 2018, respectively. The Department's Operating Revenues decreased by \$232,539 and Operating Expenses decreased by \$359,238 in FY 2020. Operating Revenues were \$12,561,111 in FY 2020 compared to \$12,793,650 in FY 2019 and \$12,682,093 in FY 2018. Operating Expenses were \$14,592,916 in FY 2020, compared to \$14,952,154 in FY 2019 and \$14,260,439 in FY 2018. The Operating Loss for FY 2020 was \$2,031,805, including non-cash depreciation expense of \$260,297. The Operating Loss for FY 2019 was \$2,158,504, including non-cash depreciation expense of \$237,015. The Operating Loss for FY 2018 was \$1,578,346, including non-cash depreciation expense of \$232,365. Total Nonoperating Revenues were \$3,485,280, \$3,534,080, and \$3,999,057 in FY 2020, FY 2019, and FY 2018, respectively. The significant components of Nonoperating Revenues consisted of: University of Nebraska appropriations of \$2,077,950 in FY 2020, \$2,108,272 in FY 2019, and \$2,056,667 in FY 2018; contributions of \$774,806 in FY 2020, \$349,572 in FY 2019, and \$534,874 in FY 2018; and investment income of \$541,059 in FY 2020 of \$1,044,608 in FY 2019 and \$1,375,994 in FY 2018.

Contributed support totaled \$1,147,319, \$1,122,135, and \$1,093,707 for FY 2020, FY 2019 and FY 2018, 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 \$602,484 in FY 2020. Cash and cash equivalents decreased by \$99,345 in FY 2019 and \$169,872 in FY 2018. The Department's capital assets, net of accumulated depreciation, totaled \$1,182,600, \$1,024,516, and \$1,128,363 at June 30, 2020, 2019, and 2018, respectively. The Department has no outstanding debt obligations as of June 30, 2020.

Financial Analysis of the Statements

The Department's condensed financial statements are presented below for FY 2020, 2019, and 2018.

Current Assets consist primarily of equity in pooled cash, cash and cash equivalents, accounts and pledges receivable and investments. Noncurrent Assets consist of investments, capital assets and the Department's beneficial interest in a charitable remainder trust. Capital assets are presented net of accumulated depreciation of \$2,611,456, \$2,357,980, and \$2,156,289 at June 30, 2020, 2019, and 2018, 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, contributions and investment income.

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,		
	2020	2019	2018
Assets			
Current assets	\$ 8,075,219	\$ 7,957,330	\$ 8,643,063
Noncurrent investments	26,117,147	23,334,759	21,592,549
Other noncurrent assets	1,298,653	1,126,400	1,226,700
Total assets	<u>\$ 35,491,019</u>	<u>\$ 32,418,489</u>	<u>\$ 31,462,312</u>
Liabilities			
Current liabilities	<u>\$ 1,699,208</u>	<u>\$ 1,488,013</u>	<u>\$ 1,924,216</u>
Deferred Inflows of Resources	<u>116,053</u>	<u>101,884</u>	<u>98,337</u>
Net Position			
Net investment in capital assets	1,182,600	1,024,516	1,128,363
Restricted for endowment - nonexpendable	4,658,481	2,848,885	2,899,290
Restricted for endowment - expendable	354,440	635,386	743,806
Unrestricted	<u>27,480,237</u>	<u>26,319,805</u>	<u>24,668,300</u>
Total net position	<u>33,675,758</u>	<u>30,828,592</u>	<u>29,439,759</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 35,491,019</u>	<u>\$ 32,418,489</u>	<u>\$ 31,462,312</u>
A Detailed Analysis of Unrestricted Net Position is as Follows			
Board-designated for next year operations	\$ 2,717,946	\$ 2,791,279	\$ 2,399,961
Board-designated acting as endowments	15,439,901	14,043,265	13,016,230
Undesignated	<u>9,322,390</u>	<u>9,485,261</u>	<u>9,252,109</u>
Total unrestricted net position	<u>\$ 27,480,237</u>	<u>\$ 26,319,805</u>	<u>\$ 24,668,300</u>

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Management's Discussion and Analysis

Condensed Statements of Revenues, Expenses and Changes in Net Position

	Years Ended June 30,		
	2020	2019	2018
Program production and contracted service income and grants	\$ 3,593,274	\$ 4,304,048	\$ 4,292,880
Community service grants	2,717,946	2,791,279	2,399,961
Membership contributions	3,315,665	3,213,206	3,096,512
Contributed support	1,147,319	1,122,135	1,093,707
Other operating revenues	1,786,907	1,362,982	1,799,033
Total operating revenues	12,561,111	12,793,650	12,682,093
National and local programming and production	9,310,719	9,611,650	8,965,743
Program information	714,946	644,551	688,480
Management and general	3,630,337	3,691,261	3,654,259
Fundraising and membership development	936,914	1,004,692	951,957
Total operating expenses	14,592,916	14,952,154	14,260,439
Operating loss	(2,031,805)	(2,158,504)	(1,578,346)
University of Nebraska appropriations	2,077,950	2,108,272	2,056,667
Community support	91,465	31,628	31,522
Contributions	774,806	349,572	534,874
Investment income	541,059	1,044,608	1,375,994
Total nonoperating revenues	3,485,280	3,534,080	3,999,057
Increase in net position before other revenues and gains	1,453,475	1,375,576	2,420,711
Additions to permanent endowments	1,393,691	13,257	22,187
Increase in net position	2,847,166	1,388,833	2,442,898
Net position, beginning of year	30,828,592	29,439,759	26,996,861
Net position, end of year	\$ 33,675,758	\$ 30,828,592	\$ 29,439,759

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Management's Discussion and Analysis

Condensed Statements of Cash Flows

	Years Ended June 30,		
	2020	2019	2018
Net cash used in operating activities	\$ (1,104,922)	\$ (2,238,349)	\$ (1,409,946)
Net cash provided by noncapital financing activities	4,367,116	2,725,628	2,411,742
Net cash used in capital and related financing activities	(418,381)	(139,022)	(141,555)
Net cash used in investing activities	<u>(2,241,329)</u>	<u>(447,602)</u>	<u>(1,030,113)</u>
Net increase (decrease) in cash and cash equivalents	602,484	(99,345)	(169,872)
Cash and cash equivalents, beginning of the year	<u>6,316,964</u>	<u>6,416,309</u>	<u>6,586,181</u>
Cash and cash equivalents, end of the year	<u><u>\$ 6,919,448</u></u>	<u><u>\$ 6,316,964</u></u>	<u><u>\$ 6,416,309</u></u>

Other Significant Matters

None

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Balance Sheets June 30, 2020 and 2019

Assets

	2020	2019
Current Assets		
Equity in pooled cash	\$ 5,845,866	\$ 5,408,515
Cash and cash equivalents	1,073,582	908,449
Grants receivable	48,565	293,693
Accounts and pledges receivable, net	357,914	681,129
Investments	500,000	500,000
Inventory	70,848	71,426
Costs incurred for programs not yet broadcast	85,732	7,500
Prepayments and other	92,712	86,618
	<u>8,075,219</u>	<u>7,957,330</u>
Total current assets		
	<u>8,075,219</u>	<u>7,957,330</u>
Noncurrent Assets		
Investments	26,117,147	23,334,759
Capital assets, net	1,182,600	1,024,516
Beneficial interest in charitable remainder trust	116,053	101,884
	<u>27,415,800</u>	<u>24,461,159</u>
Total noncurrent assets		
	<u>27,415,800</u>	<u>24,461,159</u>
Total assets	<u>\$ 35,491,019</u>	<u>\$ 32,418,489</u>

Liabilities and Deferred Inflows of Resources

Current Liabilities

Accounts payable and accrued expenses	\$ 1,226,651	\$ 1,023,825
Unearned revenues		
Programs not yet broadcast	424,333	351,367
Other	48,224	112,821
	<u>1,699,208</u>	<u>1,488,013</u>
Total current liabilities		
	<u>1,699,208</u>	<u>1,488,013</u>

Deferred Inflows of Resources

Deferred inflows for beneficial interest in charitable remainder trust	116,053	101,884
	<u>116,053</u>	<u>101,884</u>

Net Position

Net investment in capital assets	1,182,600	1,024,516
Restricted for endowment - nonexpendable	4,658,481	2,848,885
Restricted for endowment - expendable	354,440	635,386
Unrestricted	27,480,237	26,319,805
	<u>33,675,758</u>	<u>30,828,592</u>
Total net position		
	<u>33,675,758</u>	<u>30,828,592</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 35,491,019</u>	<u>\$ 32,418,489</u>

University of Nebraska Television Department
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Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2020 and 2019

	2020	2019
Operating Revenues		
Program production and contracted service income and grants	\$ 3,593,274	\$ 4,304,048
Community service grants	2,717,946	2,791,279
Membership contributions	3,315,665	3,213,206
Contributed support	1,147,319	1,122,135
Program underwriting	348,094	336,384
Other grants	989,860	585,403
Other	448,953	441,195
Total operating revenues	<u>12,561,111</u>	<u>12,793,650</u>
Operating Expenses		
National and local programming and production	9,310,719	9,611,650
Program information	714,946	644,551
Management and general	3,630,337	3,691,261
Fundraising and membership development	936,914	1,004,692
Total operating expenses	<u>14,592,916</u>	<u>14,952,154</u>
Operating Loss	<u>(2,031,805)</u>	<u>(2,158,504)</u>
Nonoperating Revenues		
University of Nebraska appropriations	2,077,950	2,108,272
Community support	91,465	31,628
Contributions	774,806	349,572
Investment income	541,059	1,044,608
Net nonoperating revenues	<u>3,485,280</u>	<u>3,534,080</u>
Increase in Net Position before Other Revenues and Gains	1,453,475	1,375,576
Additions to Permanent Endowments	<u>1,393,691</u>	<u>13,257</u>
Increase in Net Position	<u>2,847,166</u>	<u>1,388,833</u>
Net Position, Beginning of Year	<u>30,828,592</u>	<u>29,439,759</u>
Net Position, End of Year	<u><u>\$ 33,675,758</u></u>	<u><u>\$ 30,828,592</u></u>

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Statements of Cash Flows

Years Ended June 30, 2020 and 2019

	2020	2019
Operating Activities		
Program production and contracted service income and grants	\$ 4,035,563	\$ 3,954,690
Community service grants	2,717,946	2,791,279
Membership contributions	3,336,558	3,215,587
Program underwriting	348,094	336,384
Other grants	989,860	585,403
Other receipts	448,953	441,195
Payments to vendors	(4,968,098)	(5,484,279)
Payments to employees	(8,013,798)	(8,078,608)
Net cash used in operating activities	<u>(1,104,922)</u>	<u>(2,238,349)</u>
Noncapital Financing Activities		
Contributions	2,289,166	617,356
University of Nebraska appropriations	<u>2,077,950</u>	<u>2,108,272</u>
Net cash provided by noncapital financing activities	<u>4,367,116</u>	<u>2,725,628</u>
Capital and Related Financing Activities		
Purchase of capital assets	<u>(418,381)</u>	<u>(139,022)</u>
Net cash used in capital and related financing activities	<u>(418,381)</u>	<u>(139,022)</u>
Investing Activities		
Purchases of investments	(3,751,320)	(1,731,932)
Sales and maturities of investments	768,047	490,756
Interest and other revenues received	<u>741,944</u>	<u>793,574</u>
Net cash used in investing activities	<u>(2,241,329)</u>	<u>(447,602)</u>
Increase (Decrease) in Cash and Cash Equivalents	602,484	(99,345)
Cash and Cash Equivalents, Beginning of Year	<u>6,316,964</u>	<u>6,416,309</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 6,919,448</u></u>	<u><u>\$ 6,316,964</u></u>
Reconciliation of Cash and Cash Equivalents to the Balance Sheets		
Equity in pooled cash	\$ 5,845,866	\$ 5,408,515
Cash and cash equivalents	<u>1,073,582</u>	<u>908,449</u>
	<u><u>\$ 6,919,448</u></u>	<u><u>\$ 6,316,964</u></u>

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Statements of Cash Flows - Continued
Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Reconciliation of Net Operating Loss to Net Cash Used in Operating Activities		
Operating loss	\$ (2,031,805)	\$ (2,158,504)
Depreciation expense	260,297	237,015
Loss on disposal of capital assets	-	5,854
Changes in operating assets and liabilities		
Grants receivable	245,128	(56,880)
Accounts and pledges receivable	294,011	(207,187)
Inventory	578	14,955
Costs incurred for programs not yet broadcast	(78,232)	366,775
Prepayments and other	(6,094)	(4,174)
Beneficial interest in charitable remainder trust	(14,169)	(3,547)
Accounts payable and accrued expenses	202,826	9,308
Unearned revenues for programs not yet broadcast	72,966	(435,653)
Other unearned revenues	(64,597)	(9,858)
Deferred inflows for beneficial interest in charitable remainder trust	14,169	3,547
Net Cash Used in Operating Activities	<u><u>\$ (1,104,922)</u></u>	<u><u>\$ (2,238,349)</u></u>

University of Nebraska Television Department
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Notes to Financial Statements
June 30, 2020 and 2019

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.

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.

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Notes to Financial Statements

June 30, 2020 and 2019

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

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.

Beneficial Interest in Charitable Remainder Trust

The TV Foundation has been the recipient of a charitable remainder trust. A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets are available for the TV Foundation's use. Assets held in the charitable remainder trust are recorded at fair value of \$116,053 and \$101,884 as of June 30, 2020 and 2019, respectively.

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Notes to Financial Statements June 30, 2020 and 2019

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

Beneficial Interest in Charitable Remainder Trust - Continued

The present value of the estimated future payments is calculated using a discount rate of .66% and 2.00% at June 30, 2020 and 2019, respectively, and applicable mortality tables. The portion of the trust attributable to the future interest of the TV Foundation is recorded in the Department's balance sheets as an asset and an offsetting deferred inflow of resources.

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 transmission equipment	15 - 20 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, 2020 and 2019

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:

	2020	2019
Next year operations	\$ 2,717,946	\$ 2,791,279
Endowments	15,439,901	14,043,265
Undesignated	9,322,390	9,485,261
	<u>\$ 27,480,237</u>	<u>\$ 26,319,805</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, 2020 and 2019

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.

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 TV Foundation's Board of Directors.

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Notes to Financial Statements
June 30, 2020 and 2019

Note 2: Deposits, Investments and Investment Return - Continued

Investments - Continued

At June 30, 2020 and 2019, the Department had the following investments and maturities:

Type	Carrying Value	Maturities in Years		
		Less than 1	1 - 5	6 - 10
June 30, 2020				
U.S. agencies obligations	\$ 3,228,217	\$ -	\$ 740,114	\$ 2,488,103
Negotiable certificates of deposits	266,655	266,655	-	-
Mutual funds	3,937,297	3,937,297	-	-
Corporate bonds	2,124,252	112,244	1,559,770	452,238
Municipal bonds	263,500	-	77,840	185,660
External investment pools	9,706,154	9,706,154	-	-
Money market funds	665,084	665,084	-	-
	20,191,159	\$14,687,434	\$ 2,377,724	\$ 3,126,001
Corporate stocks	6,999,570			
	\$27,190,729			
June 30, 2019				
U.S. agencies obligations	\$ 1,982,925	\$ 253,746	\$ 482,414	\$ 1,246,765
Negotiable certificates of deposits	896,109	896,109	-	-
Mutual funds	3,578,908	3,578,908	-	-
Corporate bonds	1,825,234	178,286	1,417,127	229,821
Municipal bonds	154,397	-	128,710	25,687
External investment pools	8,620,003	8,620,003	-	-
Money market funds	644,789	644,789	-	-
	17,702,365	\$14,171,841	\$ 2,028,251	\$ 1,502,273
Corporate stocks	6,459,370			
	\$24,161,735			

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.

University of Nebraska Television Department

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Notes to Financial Statements June 30, 2020 and 2019

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, 2020 and 2019, 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, 2020 and 2019, investments in corporate bonds were rated by Standard & Poor's at the rates in the following table:

	Fair Value	
	2020	2019
Standard & Poor's		
AAA	\$ 246,915	\$ 125,091
AA+	331,398	234,273
AA	477,538	408,336
AA-	129,743	126,935
A+	134,153	153,126
A	260,272	228,304
A-	453,561	435,753
BBB+	51,469	50,829
BBB	39,203	62,587
	<u>\$ 2,124,252</u>	<u>\$ 1,825,234</u>

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Notes to Financial Statements
June 30, 2020 and 2019

Note 2: Deposits, Investments and Investment Return - Continued

Investments - Continued

At June 30, 2020 and 2019, investments in municipal bonds were rated by Standard & Poor's at the rates in the following table:

	Fair Value	
	2020	2019
Standard & Poor's		
AAA	\$ 27,658	\$ 26,623
AA+	210,756	51,504
AA	-	50,583
A+	25,086	25,687
	<u>\$ 263,500</u>	<u>\$ 154,397</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, 2020 and 2019, the TV Foundation's investment in international mutual funds and equity securities had a fair value of \$1,572,632 and \$1,195,517, respectively.

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Notes to Financial Statements
June 30, 2020 and 2019

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:

	2020	2019
Carrying value		
Deposits	\$ 500,000	\$ 581,473
Investments	27,190,729	24,161,735
Equity in pooled cash	5,845,866	5,408,515
	<u>\$ 33,536,595</u>	<u>\$ 30,151,723</u>

	2020	2019
Included in the following balance sheet captions		
Equity in pooled cash	\$ 5,845,866	\$ 5,408,515
Cash and cash equivalents	1,073,582	908,449
Investments - current	500,000	500,000
Investments - noncurrent	26,117,147	23,334,759
	<u>\$ 33,536,595</u>	<u>\$ 30,151,723</u>

Investment Income

Investment income for the years ended June 30, 2020 and 2019, consisted of:

	2020	2019
Interest and dividend income	\$ 798,482	\$ 817,933
Net realized and unrealized gain (loss) on investments reported at fair value	(257,423)	226,675
	<u>\$ 541,059</u>	<u>\$ 1,044,608</u>

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Notes to Financial Statements June 30, 2020 and 2019

Note 3: Capital Assets

Capital assets activity for the years ended June 30, 2020 and 2019 was:

2020	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Buildings	\$ 185,219	\$ -	\$ -	\$ -	\$ 185,219
Towers and transmission equipment	300,309	32,807	(6,821)	-	326,295
Production equipment	2,133,175	125,742	-	-	2,258,917
Office furniture and equipment	249,963	-	-	-	249,963
Information systems	513,830	-	-	-	513,830
Construction in progress	-	259,832	-	-	259,832
Total	<u>3,382,496</u>	<u>418,381</u>	<u>(6,821)</u>	<u>-</u>	<u>3,794,056</u>
Less accumulated depreciation					
Buildings	185,219	-	-	-	185,219
Towers and transmission equipment	300,309	1,952	(6,821)	-	295,440
Production equipment	1,114,890	254,945	-	-	1,369,835
Office furniture and equipment	243,732	3,400	-	-	247,132
Information systems	513,830	-	-	-	513,830
Total	<u>2,357,980</u>	<u>260,297</u>	<u>(6,821)</u>	<u>-</u>	<u>2,611,456</u>
Net Capital Assets	<u>\$ 1,024,516</u>	<u>\$ 158,084</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,182,600</u>
2019					
Buildings	\$ 185,219	\$ -	\$ -	\$ -	\$ 185,219
Towers and transmission equipment	300,309	-	-	-	300,309
Production equipment	1,999,202	139,022	(5,049)	-	2,133,175
Office furniture and equipment	249,963	-	-	-	249,963
Information systems	549,959	-	(36,129)	-	513,830
Total	<u>3,284,652</u>	<u>139,022</u>	<u>(41,178)</u>	<u>-</u>	<u>3,382,496</u>
Less accumulated depreciation					
Buildings	185,219	-	-	-	185,219
Towers and transmission equipment	300,309	-	-	-	300,309
Production equipment	891,511	228,428	(5,049)	-	1,114,890
Office furniture and equipment	240,332	3,400	-	-	243,732
Information systems	538,918	5,187	(30,275)	-	513,830
Total	<u>2,156,289</u>	<u>237,015</u>	<u>(35,324)</u>	<u>-</u>	<u>2,357,980</u>
Net Capital Assets	<u>\$ 1,128,363</u>	<u>\$ (97,993)</u>	<u>\$ (5,854)</u>	<u>\$ -</u>	<u>\$ 1,024,516</u>

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Notes to Financial Statements

June 30, 2020 and 2019

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 \$408,000 and \$400,000 in 2020 and 2019, 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 \$1,641,510 and \$1,782,064 in 2020 and 2019, 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 2020 and 2019 was approximately \$1,822,000 and \$1,886,000, respectively, and is included in the accompanying financial statements as contracted service income. As of June 30, 2020 and 2019, the Commission owed the Department approximately \$34,000 and \$43,000, respectively.

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Notes to Financial Statements

June 30, 2020 and 2019

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 \$630,000 and \$545,000 in fiscal years 2020 and 2019, respectively, for employee costs related to the Radio Foundation. As of June 30, 2020 and 2019, the Radio Foundation owed the Department approximately \$57,000 and \$48,000, respectively. The TV Foundation was owed approximately \$7,000 and \$5,000 from the Radio Foundation at June 30, 2020 and 2019, respectively. The TV Foundation owed the Radio Foundation approximately \$221,000 and \$151,000 at June 30, 2020 and 2019, 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.

University of Nebraska Television Department
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Notes to Financial Statements
June 30, 2020 and 2019

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, 2020 and 2019:

June 30, 2020	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Mutual funds			
International	\$ 456,127	\$ 456,127	\$ -
Mid cap	262,180	262,180	-
Small cap	709,142	709,142	-
Fixed income	1,487,452	1,487,452	-
Common stock			
Basic materials	163,938	163,938	-
Communication services	709,828	709,828	-
Consumer discretionary	396,624	396,624	-
Consumer staples	631,727	631,727	-
Energy	269,554	269,554	-
Financial	786,081	786,081	-
Health care	1,207,453	1,207,453	-
Industrials	680,298	680,298	-
Information technology	1,732,162	1,732,162	-
Real estate	177,245	177,245	-
Utilities	244,660	244,660	-
Equity exchange traded funds	1,022,396	1,022,396	-
U.S. government agency securities and municipal bonds	3,491,717	-	3,491,717
Corporate bonds	2,124,252	2,124,252	-
Negotiable certificates of deposit	266,655	-	266,655
External investment pools	9,706,154	9,706,154	-
Beneficial interest in charitable remainder trust	116,053	-	116,053
	<u>\$ 26,641,698</u>	<u>\$ 22,767,273</u>	<u>\$ 3,874,425</u>

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Notes to Financial Statements

June 30, 2020 and 2019

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

June 30, 2019	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Mutual funds			
International	\$ 623,047	\$ 623,047	\$ -
Mid cap	158,654	158,654	-
Small cap	695,345	695,345	-
Fixed income	1,390,411	1,390,411	-
Common stock			
Basic materials	223,109	223,109	-
Communication services	682,098	682,098	-
Consumer discretionary	441,890	441,890	-
Consumer staples	567,491	567,491	-
Energy	383,632	383,632	-
Financial	1,029,556	1,029,556	-
Health care	1,128,586	1,128,586	-
Industrials	452,029	452,029	-
Information technology	1,211,266	1,211,266	-
Real estate	104,766	104,766	-
Utilities	234,947	234,947	-
Equity exchange traded funds	711,451	711,451	-
U.S. government agency securities and municipal bonds	2,137,322	-	2,137,322
Corporate bonds	1,825,234	1,825,234	-
Negotiable certificates of deposit	896,109	-	896,109
External investment pools	8,620,003	8,620,003	-
Beneficial interest in charitable remainder trust	101,884	-	101,884
	<u>\$ 23,618,830</u>	<u>\$ 20,483,515</u>	<u>\$ 3,135,315</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, 2020 and 2019

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

Beneficial Interest in Charitable Remainder Trust

Assets held in the charitable remainder trust are estimated at fair value based on the TV Foundation's share of the underlying assets of the trust expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified within Level 2 of the hierarchy.

Note 7: Blended Component Unit

The NET Foundation for Television's financial statements for the years ended June 30, 2020 and 2019 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, 2020 and 2019 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

	June 30, 2020		
	TV Foundation	Eliminations	Total
Assets			
Current assets	\$ 1,933,377	\$ (15,336)	\$ 1,918,041
Other assets	23,310,190	(285,768)	23,024,422
Total assets	<u>\$ 25,243,567</u>	<u>\$ (301,104)</u>	<u>\$ 24,942,463</u>
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities			
Payable to Television Department	\$ 274,731	\$ (274,731)	\$ -
Other current liabilities	780,026	-	780,026
Total liabilities	<u>1,054,757</u>	<u>(274,731)</u>	<u>780,026</u>

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Notes to Financial Statements
June 30, 2020 and 2019

Note 7: Blended Component Unit - Continued

Condensed Balance Sheets - Continued

	June 30, 2020		
	TV Foundation	Eliminations	Total
Deferred Inflows of Resources			
Deferred inflow for beneficial interest in charitable remainder trust	\$ -	\$ 116,053	\$ 116,053
Net Position			
Restricted for endowment - nonexpendable	4,959,585	(301,104)	4,658,481
Restricted for endowment - expendable	354,440	-	354,440
Unrestricted	18,874,785	158,678	19,033,463
Total net position	24,188,810	(142,426)	24,046,384
Total liabilities, deferred inflows of resources and net position	\$ 25,243,567	\$ (301,104)	\$ 24,942,463
	June 30, 2019		
	TV Foundation	Eliminations	Total
Assets			
Current assets	\$ 3,522,219	\$ (1,467,198)	\$ 2,055,021
Other assets	20,292,147	(277,877)	20,014,270
Total assets	\$ 23,814,366	\$ (1,745,075)	\$ 22,069,291
Liabilities, Deferred Inflows of Resources and Net Position			
Liabilities			
Payable to Television Department	\$ 672,709	\$ (672,709)	\$ -
Other current liabilities	711,686	-	711,686
Total liabilities	1,384,395	(672,709)	711,686
Deferred Inflows of Resources			
Deferred inflow for beneficial interest in charitable remainder trust	-	101,884	101,884
Net Position			
Restricted for endowment - nonexpendable	4,593,960	(1,745,075)	2,848,885
Restricted for endowment - expendable	635,386	-	635,386
Unrestricted	17,200,625	570,825	17,771,450
Total net position	22,429,971	(1,174,250)	21,255,721
Total liabilities, deferred inflows of resources and net position	\$ 23,814,366	\$ (1,745,075)	\$ 22,069,291

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Notes to Financial Statements
June 30, 2020 and 2019

Note 7: Blended Component Unit - Continued

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

	Year Ended June 30, 2020		
	TV Foundation	Eliminations	Total
Operating revenues	\$ 4,600,848	\$ (22,060)	\$ 4,578,788
Operating expenses			
Programming and production	2,157,179	397,978	2,555,157
Program information	355,287	-	355,287
Management and general	247,722	-	247,722
Fundraising and membership development	1,596,560	(93,842)	1,502,718
Total operating expenses	4,356,748	304,136	4,660,884
Operating income (loss)	244,100	(326,196)	(82,096)
Investment income	612,797	-	612,797
Other nonoperating revenues	866,271	-	866,271
Net nonoperating revenues	1,479,068	-	1,479,068
Income before capital grants and other gains	1,723,168	(326,196)	1,396,972
Additions to permanent endowments	35,671	1,358,020	1,393,691
Increase in net position	1,758,839	1,031,824	2,790,663
Net position, beginning of year	22,429,971	(1,174,250)	21,255,721
Net position, end of year	\$ 24,188,810	\$ (142,426)	\$ 24,046,384

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Notes to Financial Statements
June 30, 2020 and 2019

Note 7: Blended Component Unit - Continued

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

	Year Ended June 30, 2019		
	TV Foundation	Eliminations	Total
Operating revenues	\$ 5,188,271	\$ (14,515)	\$ 5,173,756
Operating expenses			
Programming and production	3,262,028	(71,018)	3,191,010
Program information	313,990	-	313,990
Management and general	227,449	-	227,449
Fundraising and membership development	1,564,265	-	1,564,265
Total operating expenses	5,367,732	(71,018)	5,296,714
Operating loss	(179,461)	56,503	(122,958)
Investment income	993,925	-	993,925
Other nonoperating revenues	362,456	-	362,456
Net nonoperating revenues	1,356,381	-	1,356,381
Income before capital grants and other gains	1,176,920	56,503	1,233,423
Additions to permanent endowments	196,910	(153,941)	42,969
Increase in net position	1,373,830	(97,438)	1,276,392
Net position, beginning of year	21,056,141	(1,076,812)	19,979,329
Net position, end of year	\$ 22,429,971	\$ (1,174,250)	\$ 21,255,721

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Notes to Financial Statements June 30, 2020 and 2019

Note 7: Blended Component Unit - Continued

Condensed Statements of Cash Flows

	Year Ended June 30, 2020		
	TV Foundation	Eliminations	Total
Net cash flows provided by operating activities	\$ 1,596,615	\$ -	\$ 1,596,615
Net cash flows provided by noncapital financing activities	1,551,791	-	1,551,791
Net cash flows used in investing activities	(2,983,273)	-	(2,983,273)
Net increase in cash and cash equivalents	165,133	-	165,133
Cash and cash equivalents, beginning of year	908,449	-	908,449
Cash and cash equivalents, end of year	<u>\$ 1,073,582</u>	<u>\$ -</u>	<u>\$ 1,073,582</u>

	Year Ended June 30, 2019		
	TV Foundation	Eliminations	Total
Net cash flows provided by operating activities	\$ 992,914	\$ -	\$ 992,914
Net cash flows provided by noncapital financing activities	3,701	-	3,701
Net cash flows used in investing activities	(1,240,330)	-	(1,240,330)
Net decrease in cash and cash equivalents	(243,715)	-	(243,715)
Cash and cash equivalents, beginning of year	1,152,164	-	1,152,164
Cash and cash equivalents, end of year	<u>\$ 908,449</u>	<u>\$ -</u>	<u>\$ 908,449</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.

Institutional support from the University of \$1,147,319 and \$1,122,135 for 2020 and 2019, respectively, consists of certain administrative costs and other expenses incurred by the University on behalf of the Department. The allocation was calculated as 2.2% of the applicable institutional support of the University for 2020 and 2019.

University of Nebraska Television Department

A Department of the University of Nebraska

Notes to Financial Statements

June 30, 2020 and 2019

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.

Note 11: COVID-19

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen in the investment markets, resulting in significant volatility in the value of investments. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.