

NEW JERSEY PUBLIC BROADCASTING AUTHORITY

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

June 30, 2018

NEW JERSEY PUBLIC BROADCASTING AUTHORITY

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board Commissioners of
New Jersey Public Broadcasting Authority

We have performed the procedures enumerated below, which were agreed to by the New Jersey Public Broadcasting Authority ("Authority"), solely to assist the specified parties in evaluating the reliability of amounts reported as non-federal financial support ("NFFS") for the fiscal year ended June 30, 2018, in the Annual Financial Report ("AFR") for the Corporation for Public Broadcastings ("CPB"), as prescribed by the CPB Financial Reporting Guidelines ("Guidelines"). The Authority is responsible for compliance with those requirements. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Management prepared the attached combining financial statements and schedules listed in the table of contents. These combining financial statements and schedules were prepared for the specific purpose of presenting the financial results of the Authority, as well as Public Media NJ, Inc. ("PMNJ"), an organization considered "financially interrelated," as that term is used in the CPB Guidelines. PMNJ, a New Jersey nonprofit, 501(c)(3) corporation, entered into a programming and services agreement with the Authority dated July 1, 2011. The combining financial statements include information extracted from the separately audited financial statements of the Authority and PMNJ.

The procedures that we performed and the associated results are as follows:

1. We traced the individual and aggregate balances reported on the combining balance sheet and combining statement of revenues, expenses and changes in net position (the "combining statements"), on pages three and four to the audited financial statements of each entity.

We found no exceptions as a result of our procedures.

2. We traced the combining statement of revenues, expenses and changes in net position totals to the combining schedule of revenues in the CPB AFR and to the combining schedule of expenses/capital outlay in the CPB AFR, on pages five and six, respectively.

We found no exceptions as a result of our procedures.

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES (CONTINUED)

3. We obtained an understanding of the qualifications used to determine if support and revenues meets the criteria as NFFS as per CPB Guidelines, Section 2, and verified the amounts reported in the AFR as NFFS met the criteria.

We found no exceptions as a result of our procedures.

4. We tested a sample of cash receipts of the Authority for proper line item classification.

We found no exceptions as a result of our procedures.

5. We obtained an understanding of the expense allocation methods utilized by the Authority and reviewed for compliance with the acceptable methodology for indirect administrative support rules determined in Section 2.6 of the CPB Guidelines.

We found no exceptions as a result of our procedures.

6. We tested a sample of indirect costs for exclusion of licensee costs not directly benefiting station operations.

We found no exceptions as a result of our procedures.

7. We obtained an understanding of the valuation methodology and documentation process for contributed goods and services received to ensure fair value reporting is consistent with industry standards.

We found no exceptions as a result of our procedures.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion on compliance with CPB guidelines for preparing the AFR. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Authority's Board of Commissioners, Authority Management, PMNJ and CPB and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Mercadieu, P.C.
Certified Public Accountants

February 11, 2019

NEW JERSEY PUBLIC BROADCASTING AUTHORITY

COMBINING BALANCE SHEET

June 30, 2018

	New Jersey Public Broadcasting Authority	Public Media NJ, Inc.	Elimination	Total
Assets				
Cash and cash equivalents	\$ -	\$ 3,323,814	\$ -	\$ 3,323,814
Accounts receivable, net	237,097	482,982	(244,008) (a)	476,071
Due from State of New Jersey	705,079	-	-	705,079
Grants and gifts receivable, net	-	1,487,951	-	1,487,951
Prepaid expense	177,323	114,376	-	291,699
Investments	-	5,603,638	-	5,603,638
Capital assets, net	2,758,648	1,530,730	-	4,289,378
Total Assets	<u>\$ 3,878,147</u>	<u>\$ 12,543,491</u>	<u>\$ (244,008)</u>	<u>\$ 16,177,630</u>
Liabilities				
Accounts payable and accrued expenses	\$ 609,586	\$ 529,073	\$ (244,008) (a)	\$ 894,651
Unearned revenue	177,323	-	-	177,323
Due to controlling entity	-	126,429	-	126,429
Total Liabilities	<u>786,909</u>	<u>655,502</u>	<u>(244,008)</u>	<u>1,198,403</u>
Net Position				
Investment in capital assets	2,758,648	-	-	2,758,648
Unrestricted	332,590	3,455,917	-	3,788,507
Temporarily restricted	-	8,382,072	-	8,382,072
Permanently restricted	-	50,000	-	50,000
Total Net Position	<u>3,091,238</u>	<u>11,887,989</u>	<u>-</u>	<u>14,979,227</u>
Total Liabilities and Net Position	<u>\$ 3,878,147</u>	<u>\$ 12,543,491</u>	<u>\$ (244,008)</u>	<u>\$ 16,177,630</u>

(a) Represents receivable/payable between the Authority and PMNJ.

See independent accountants' report on applying agreed-upon procedures.

NEW JERSEY PUBLIC BROADCASTING AUTHORITY

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Year Ended June 30, 2018

	New Jersey Public Broadcasting Authority	Public Media NJ, Inc.	Elimination	Total
Support and Revenues				
New Jersey State support (direct)	\$ 1,976,868	\$ -	\$ -	\$ 1,976,868
New Jersey State support (in-kind)	700,852	-	-	700,852
New Jersey Public Broadcasting Authority Trust Fund support	1,041,701	-	-	1,041,701
Contributions and grants	1,380,215	10,693,067	-	12,073,282
Rental income	2,754,830	-	-	2,754,830
Programming and service fees	200,000	4,697,398	(4,697,398) (a)	200,000
Royalties	4,997	-	-	4,997
Other income	62,041	785,962	(1,000) (a)	847,003
Total Support and Revenues	<u>8,121,504</u>	<u>16,176,427</u>	<u>(4,698,398)</u>	<u>19,599,533</u>
Expenses				
Programming and production	4,321,076	6,647,859	(4,698,398) (a)	6,270,537
Education	-	9,609	-	9,609
Due to controlling entity	2,261,574	551,422	-	2,812,996
Fundraising and membership development	-	1,194,265	-	1,194,265
General and administrative	651,127	887,981	-	1,539,108
Total Expenses	<u>7,233,777</u>	<u>9,291,136</u>	<u>(4,698,398)</u>	<u>11,826,515</u>
Changes in Net Position	887,727	6,885,291	-	7,773,018
Net Position-Beginning of Year	2,203,511	5,002,698	-	7,206,209
Net Position-End of Year	<u>\$ 3,091,238</u>	<u>\$ 11,887,989</u>	<u>\$ -</u>	<u>\$ 14,979,227</u>

(a) Public Media NJ, Inc. recorded \$4,697,398 in revenues from the New Jersey Public Broadcasting Authority. Revenue and programming and production expenses were reduced by the same amount.

See independent accountants' report on applying agreed-upon procedures.

NEW JERSEY PUBLIC BROADCASTING AUTHORITY

COMBINING SCHEDULE OF REVENUES FOR THE CORPORATION FOR PUBLIC BROADCASTING ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2018

<u>Sch. #</u>	<u>Line #</u>	<u>Description</u>	<u>New Jersey Public Broadcasting Authority</u>	<u>Public Media NJ, Inc.</u>	<u>Elimination</u>	<u>Total</u>
A	1(f)	Federal Funds - Other	\$ 73,641	\$ 69,598	\$ (69,598) (a)	\$ 73,641
A	2(a)	Community Service Grant	1,313,603	1,313,603	(1,313,603) (a)	1,313,603
A	2(b)	TV Interconnection Grant	66,612	23,811	(66,612) (a)	23,811
A	2(c)	PBS non royalties	-	1,919	-	1,919
A	2(e)	Public Broadcasting Stations	82,630	117,260	(77,260)	122,630
A	4	State Government	3,018,569	6,308,003	-	9,326,572
A	5	State College and Universities	-	5,000	-	5,000
A	7	Private Colleges and Universities	52,620	49,989	(49,989)	52,620
A	8	Foundations	-	909,033	-	909,033
A	9	Business	2,807,980	5,155,667	(3,121,336) (a)	4,842,311
A	10	Membership	-	1,562,893	-	1,562,893
controlling	14	Special Fundraising Activities	-	268,207	-	268,207
A	15(b)	Passive Income: Royalties	-	1,396	-	1,396
A	15(c)	PBS pass-through Royalties	1,387	74,633	-	76,020
A	16(c)	Gains and losses on investments	-	(11,133)	-	(11,133)
A	19	Major Individual Gifts	-	198,676	-	198,676
A	20	Other Direct Revenue	3,610	17,172	-	20,782
B	1	Indirect Administrative Support	700,852	-	-	700,852
C	5D	In-Kind Contributions	-	110,700	-	110,700
			<u>\$ 8,121,504</u>	<u>\$ 16,176,427</u>	<u>\$ (4,698,398) (a)</u>	<u>\$ 19,599,533</u>

(a) Service fee revenue received from NJ Public Broadcasting Authority.

NEW JERSEY PUBLIC BROADCASTING AUTHORITY

COMBINING SCHEDULE OF EXPENSES/CAPITAL OUTLAY FOR THE CORPORATION FOR
PUBLIC BROADCASTING ANNUAL FINANCIAL REPORT
Year Ended June 30, 2018

<u>Sch. #</u>	<u>Line #</u>	<u>Description</u>	<u>New Jersey Public Broadcasting Authority</u>	<u>Public Media NJ, Inc.</u>	<u>Elimination</u>	<u>Total</u>
Expenses						
Program Services						
E	1	Programing and Production	\$ 4,321,076 (a)	\$ 6,647,859	\$ (4,698,398) (a)	\$ 6,270,537
E	2	Broadcasting and Engineering	2,261,574	551,422	-	2,812,996
E	3	Program Information and Promotion	-	9,609	-	9,609
Support Services						
E	4	Management and General	651,127	887,981	-	1,539,108
E	5	Fundraising and Membership Development	-	1,194,265	-	1,194,265
E	6	Underwriting	-	-	-	-
Total Expenses			<u>\$ 7,233,777</u>	<u>\$ 9,291,136</u>	<u>\$ (4,698,398)</u>	<u>\$ 11,826,515</u>
Due to controlling entity						
Capital						
E	9(b)	Equipment	<u>\$ 940,619</u>	<u>\$ 120,680</u>		<u>\$ 1,061,299</u>

(a) \$4,698,398 of expenses recorded in programming that was recorded as revenue on PMNJ's books.