



PUBLIC MEDIA NJ, INC.

**FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)**

YEARS ENDED JUNE 30, 2020 AND 2019

M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

PUBLIC MEDIA NJ, INC.
FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)
YEARS ENDED JUNE 30, 2020 AND 2019

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees of Public Media NJ, Inc.

We have audited the accompanying financial statements of Public Media NJ, Inc. ("PMNJ") which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States 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.

Auditors' 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 PMNJ as of June 30, 2020 and 2019 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Marks Paneth LLP

New York, NY
November 20, 2020

PUBLIC MEDIA NJ, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents (Notes 2C and 11A)	\$ 3,168,340	\$ 3,431,173
Accounts receivable (Note 2I)	517,844	1,053,868
Grants and gifts receivable - net (Notes 2H and 2I)	960,597	1,312,686
Costs incurred for programs not yet telecast (Note 2J)	4,357	732
Prepaid expenses and other assets	46,661	67,417
Investments (Notes 2D and 4)	5,866,934	5,286,161
Property and equipment, net (Notes 2E and 5)	<u>1,891,003</u>	<u>1,340,845</u>
TOTAL ASSETS	<u>\$ 12,455,736</u>	<u>\$ 12,492,882</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 1,057,947	\$ 647,796
Due to controlling entity (Note 7)	<u>262,357</u>	<u>351,508</u>
TOTAL LIABILITIES	<u>1,320,304</u>	<u>999,304</u>
COMMITMENTS AND CONTINGENCIES (Note 10)		
NET ASSETS (Notes 2B and 8)		
Without donor restrictions	5,052,319	4,090,484
With donor restrictions	<u>6,083,113</u>	<u>7,403,094</u>
TOTAL NET ASSETS	<u>11,135,432</u>	<u>11,493,578</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 12,455,736</u>	<u>\$ 12,492,882</u>

The accompanying notes are an integral part of these financial statements.

PUBLIC MEDIA NJ, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	For the Year Ended June 30, 2020			For the Year Ended June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total 2020	Without Donor Restrictions	With Donor Restrictions	Total 2019
REVENUE AND OTHER SUPPORT:						
Contributions and underwriting for designated projects (Notes 2H and 6)	\$ 2,200,824	\$ 1,905,766	\$ 4,106,590	\$ 1,986,508	\$ 1,814,945	\$ 3,801,453
Programming and service fees (Note 1)	4,817,959	-	4,817,959	4,935,482	-	4,935,482
Other income (Notes 4 and 6)	945,415	-	945,415	1,057,376	-	1,057,376
Sub-total of revenue and other support	<u>7,964,198</u>	<u>1,905,766</u>	<u>9,869,964</u>	<u>7,979,366</u>	<u>1,814,945</u>	<u>9,794,311</u>
Net assets released from restrictions:						
Underwriting for designated projects (Note 2H)	3,225,747	(3,225,747)	-	2,843,923	(2,843,923)	-
Total net assets released from restrictions	<u>3,225,747</u>	<u>(3,225,747)</u>	<u>-</u>	<u>2,843,923</u>	<u>(2,843,923)</u>	<u>-</u>
TOTAL REVENUE AND OTHER SUPPORT	<u>11,189,945</u>	<u>(1,319,981)</u>	<u>9,869,964</u>	<u>10,823,289</u>	<u>(1,028,978)</u>	<u>9,794,311</u>
EXPENSES:						
Program services:						
Programming	7,480,713	-	7,480,713	7,640,417	-	7,640,417
Broadcast station	505,138	-	505,138	504,563	-	504,563
Education	3,372	-	3,372	1,706	-	1,706
Total program services	<u>7,989,223</u>	<u>-</u>	<u>7,989,223</u>	<u>8,146,686</u>	<u>-</u>	<u>8,146,686</u>
Fundraising:						
Membership and development	1,321,899	-	1,321,899	1,133,723	-	1,133,723
Total fundraising	<u>1,321,899</u>	<u>-</u>	<u>1,321,899</u>	<u>1,133,723</u>	<u>-</u>	<u>1,133,723</u>
Management and administration	916,988	-	916,988	908,313	-	908,313
TOTAL EXPENSES	<u>10,228,110</u>	<u>-</u>	<u>10,228,110</u>	<u>10,188,722</u>	<u>-</u>	<u>10,188,722</u>
CHANGE IN NET ASSETS	961,835	(1,319,981)	(358,146)	634,567	(1,028,978)	(394,411)
Net Assets - Beginning of Year	<u>4,090,484</u>	<u>7,403,094</u>	<u>11,493,578</u>	<u>3,455,917</u>	<u>8,432,072</u>	<u>11,887,989</u>
NET ASSETS - END OF YEAR	<u>\$ 5,052,319</u>	<u>\$ 6,083,113</u>	<u>\$ 11,135,432</u>	<u>\$ 4,090,484</u>	<u>\$ 7,403,094</u>	<u>\$ 11,493,578</u>

The accompanying notes are an integral part of these financial statements.

PUBLIC MEDIA NJ, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>For the Year Ended June 30, 2020</u>				<u>For the Year Ended June 30, 2019</u>			
	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total 2020</u>	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total 2019</u>
		<u>Fundraising</u>	<u>Management and Administration</u>			<u>Fundraising</u>	<u>Management and Administration</u>	
Salaries and wages	\$ 3,816,293	\$ 324,328	\$ 48,217	\$ 4,188,838	\$ 3,415,995	\$ 243,556	\$ 51,505	\$ 3,711,056
Benefits and payroll taxes (Note 9)	757,892	54,887	4,890	817,669	693,793	41,392	4,677	739,862
Dues and PBS assessments	963,785	2,020	-	965,805	943,939	1,905	-	945,844
Program production and acquisition costs	1,048,565	289,524	2,525	1,340,614	1,400,964	270,847	17,650	1,689,461
Accounting and legal fees	-	-	106,234	106,234	-	-	74,370	74,370
Management fee	-	-	750,000	750,000	-	-	750,000	750,000
Supplies and premiums	2,206	230,114	-	232,320	6,012	246,659	-	252,671
Telephone and transmission	251,463	156,301	-	407,764	444,114	43,463	-	487,577
Postage, delivery and fulfillment	12,687	99,843	199	112,729	7,752	89,923	668	98,343
Rent (Note 10B)	391,826	-	-	391,826	285,536	-	-	285,536
Occupancy, utilities and facility maintenance	96,011	15,711	-	111,722	98,905	13,786	-	112,691
Equipment rentals, purchases and maintenance	53,152	277	23	53,452	57,410	398	179	57,987
Printing and publications	1,060	79,592	585	81,237	441	77,299	5,838	83,578
Travel and business	166,128	8,934	771	175,833	231,788	41,652	1,569	275,009
Depreciation and amortization (Note 5)	412,741	-	-	412,741	542,325	-	-	542,325
Publicity and promotions	15,347	2,138	-	17,485	10,628	210	-	10,838
Merchant processing fees	-	58,230	-	58,230	-	62,437	-	62,437
Miscellaneous expenses	67	-	3,544	3,611	7,084	196	1,857	9,137
TOTAL EXPENSES	<u>\$ 7,989,223</u>	<u>\$ 1,321,899</u>	<u>\$ 916,988</u>	<u>\$ 10,228,110</u>	<u>\$ 8,146,686</u>	<u>\$ 1,133,723</u>	<u>\$ 908,313</u>	<u>\$ 10,188,722</u>

The accompanying notes are an integral part of these financial statements.

PUBLIC MEDIA NJ, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (358,146)	\$ (394,411)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	412,741	542,325
Unrealized loss on investments	16,271	22,666
Subtotal	70,866	170,580
Changes in operating assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	536,024	(570,886)
Grants and gifts receivable	352,089	175,265
Cost incurred for programs not yet telecast	(3,625)	44,112
Prepaid expenses and other assets	20,756	2,115
(Decrease) increase in liabilities:		
Accounts payable and accrued expenses	410,151	118,723
Due to controlling entity	(89,151)	225,079
Net Cash Provided by Operating Activities	1,297,110	164,988
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(962,899)	(352,440)
Proceeds from sales of investments	5,366,317	450,000
Purchase of investments and reinvested income	(5,963,361)	(155,189)
Net Cash Used in Investing Activities	(1,559,943)	(57,629)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(262,833)	107,359
Cash and cash equivalents - beginning of year	3,431,173	3,323,814
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,168,340	\$ 3,431,173

The accompanying notes are an integral part of these financial statements.

PUBLIC MEDIA NJ, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1—ORGANIZATION AND NATURE OF ACTIVITIES

Public Media NJ, Inc. (“PMNJ”, also known as “NJTV”) is a 501(c)(3), tax-exempt, New Jersey non-profit corporation incorporated on June 1, 2011. Its mission is to bring quality public television programs and resources to communities throughout New Jersey and its tri-state neighbors. Its content, both on-air and online, aims to reflect the diverse communities that reside throughout the Garden State; inform its constituents; and capture the spirit and substance of the state’s culture, from government affairs to arts and business. The sole member of PMNJ is WNET. WNET is a 501(c)(3), tax-exempt, New York education corporation chartered by the New York Board of Regents. Its mission is to acquire, distribute and produce public educational television programs. Both PMNJ and WNET aim to provide “media with impact.”

PMNJ entered into an initial five-year programming and services agreement dated July 1, 2011 with the New Jersey Public Broadcasting Authority (“Authority”) to provide certain operational, fundraising and back-office services and high quality, non-commercial television programming, including New Jersey-centric programming specifically designed to meet the needs of the citizens of New Jersey. This agreement was renewed for its second five-year term lasting through June 30, 2021.

In May 2015, PMNJ opened its studio and newsroom in Newark, New Jersey, the Agnes Varis NJTV Studio. This facility transformed the station’s production capacities. The station’s studio location in New Jersey’s largest city signals its commitment to informing and engaging the community and creating media with impact. The facility continues to help raise the profile of NJTV and allow it to expand its Jersey-centric programming and education outreach, while also opening doors to new partnerships and sources of support. PMNJ is in the process of expanding the facility in 2021 to further enhance its programming capabilities and accommodate its growing news team (see Note 5).

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. **Basis of Presentation** – The accompanying financial statements of PMNJ have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), under the accrual basis of accounting.
- B. **Net Assets** – PMNJ classifies net assets, revenues, gains and losses based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions:

- These represent resources received that are available for use in general operations and not subject to donor restrictions. These may be expended for any purpose in performing the primary objectives of PMNJ over which the Board of Trustees (Board) has discretionary control. The Board may also designate assets without restrictions for specific operational purposes from time to time.

Net Assets With Donor Restrictions:

- These consist of funds that are subject to donor-imposed restrictions. Some donor-imposed restrictions are those that will be met by the passage of time or other events specified by the donor. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.
- Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Investment income or loss (including gains and losses on investment, interest and dividends) is included in the statements of activities as increases in net assets without donor restrictions unless the income or loss is restricted by donor or law in which case it is recorded as an increase or decrease in net assets with donor restrictions.

PUBLIC MEDIA NJ, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- C. **Cash and Cash Equivalents** – PMNJ considers all highly liquid financial instruments with a maturity of three months or less when acquired to be cash equivalents.
- D. **Investments and Fair Value Measurement** – Investments are reported at fair value and consist of a short asset investment fund that is quoted in an active market. PMNJ's investments are classified within level 1 in the fair value hierarchy, which generally includes inputs that are quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities. Changes in fair value are recognized in the statements of activities in the period they occurred.
- E. **Property and Equipment** – Property and equipment is recorded at cost less accumulated depreciation and amortization. The amounts do not purport to represent replacement or recoverable values. PMNJ capitalizes computer equipment with a cost of \$500 or more, and all other property and equipment with a cost of \$5,000 or more and a useful life of greater than three years. Depreciation is calculated using the straight-line method over the useful lives of the assets, ranging from 3 to 6 years. Expenditures for leasehold improvements are capitalized and amortized over the shorter of the life of the asset or the lease term.
- F. **Impairment of Long-Lived Assets** – In accordance with U.S. GAAP, *Property, Plant and Equipment, "Impairment or Disposal of Long-Lived Assets,"* PMNJ reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. No impairment loss has been recognized by PMNJ for the years ended June 30, 2020 and 2019.
- G. **Deferred Rent** – PMNJ leases real property under an operating lease expiring in fiscal 2030 (see Note 10B). Since the rent payments increase over time, PMNJ records an adjustment to rent expense each year to reflect its straight-lining policy. Straight-lining of rent gives rise to a timing difference that is reflected within accounts payable and accrued expenses in the accompanying statements of financial position. As of June 30, 2020 and 2019, such deferrals amounted to \$138,887 and \$7,533, respectively.
- H. **Contributions and Grants** – Contributions and grants are recognized as revenue without donor restriction when they are received or unconditionally pledged. Conditional promises to give are recognized when the conditions on which they depend are substantially met.
- PMNJ reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, donor restricted contributions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.
- PMNJ also reports gifts of cash and other assets as restricted support when the use of the corpus by PMNJ is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of PMNJ.
- The grants and gifts receivable as of June 30, 2020 and 2019 are all due within one year.
- I. **Allowance for Doubtful Accounts** – PMNJ estimates the allowance for doubtful accounts based on management's evaluation of the creditworthiness of its donors and grantors, the aged basis of its receivables, as well as current economic conditions. As of June 30, 2020, and 2019, an allowance for doubtful accounts of \$50,000, was deemed necessary for grants and gifts receivable. As of June 30, 2020, and 2019, no allowance for doubtful accounts was deemed necessary for accounts receivable.
- J. **Costs Incurred for Programs Not Yet Telecast** – Costs incurred for programs not yet telecast relate to programs that will be aired subsequent to PMNJ's fiscal year-end. As the programs are telecast, these costs are included in operating expenses and related donor restricted net assets, if any, are released.

PUBLIC MEDIA NJ, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- K. **Functional Allocation of Expenses** – The costs of program and supporting services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited. Salaries and wages, and benefits and payroll taxes are allocated by time and effort. Occupancy, utilities and facility maintenance, and depreciation and amortization expenses are allocated by square footage.
- L. **Use of Estimates** – The preparation of financial statements in accordance with U.S. GAAP requires PMNJ to make estimates and assumptions that affect the reported amounts of assets, as well as liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period.
- M. **Change in Accounting Guidance** – Financial Accounting Standards Board ASU 2018-08, “Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made” (Topic 958) was also adopted by PMNJ for the year ended June 30, 2020. The core guidance is to assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a contribution or government grant is conditional as described in Note 2H.

NOTE 3—LIQUIDITY AND AVAILABILITY OF RESOURCES

PMNJ regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. PMNJ has various sources of liquidity at its disposal, including cash and investments.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, PMNJ considers all expenditures related to its ongoing direct mission activities as well as those services undertaken to support those activities.

In addition to financial assets available to meet general expenditures over the next 12 months, PMNJ intends to operate with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. In the event of an unanticipated liquidity need, PMNJ may be able to advance funds from its parent company, WNET (see Note 7).

The following financial assets could readily be made available immediately from the statement of financial position date to meet general expenditures as of June 30:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 3,168,340	\$ 3,431,173
Accounts receivable, net	517,844	1,053,868
Grants and gifts receivable, net	<u>960,597</u>	<u>1,312,686</u>
Total financial assets	4,646,781	5,797,727
Less: Donor restricted fund in perpetuity	<u>(50,000)</u>	<u>(50,000)</u>
	<u>\$ 4,596,781</u>	<u>\$ 5,747,727</u>

PUBLIC MEDIA NJ, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 4—INVESTMENTS

PMNJ invested in a short asset fund that is an actively managed enhanced cash strategy that invests in both high quality money market instruments and a wide range of fixed income securities. Investment return consists of the following for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 106,115	\$ 155,189
Realized and unrealized loss	<u>(16,271)</u>	<u>(22,666)</u>
	<u>\$ 89,844</u>	<u>\$ 132,523</u>

Investments are subject to market volatility that could substantially change their carrying value in the near term.

NOTE 5—PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ 958,567	\$ 958,567
Furniture and fixtures	140,192	140,192
Computer equipment	273,779	276,894
Production and other equipment	2,394,502	2,520,240
Construction in progress	<u>1,037,720</u>	<u>80,431</u>
Total cost	4,804,760	3,976,324
Less: Accumulated depreciation and amortization	<u>(2,913,757)</u>	<u>(2,635,479)</u>
Net book value	<u>\$ 1,891,003</u>	<u>\$ 1,340,845</u>

As of June 30, 2020, the construction in progress primarily represents the expansion of the Gateway studio in Newark, New Jersey, and the estimated cost to complete this project will be approximately \$2,300,000.

Depreciation and amortization expense for the years ended June 30, 2020 and 2019 amounted to \$412,741 and \$542,325, respectively. During the years ended June 30, 2020 and 2019, certain property and equipment with a total cost of and accumulated depreciation and amortization of \$134,463 and \$54,526, respectively were written off.

NOTE 6—RETRANSMISSION SERVICE AND SUPPORT

Effective July 1, 2017, PMNJ entered into an agreement with an unrelated international broadcasting company (“Broadcasting Company”) whereby PMNJ retransmits the Broadcasting Company’s video program service on a multicast stream. In addition, the Broadcasting Company underwrites promotional spots. The term of this agreement began with an interim period from October 1, 2017 through March 31, 2018. The initial full-service term for three (3) years started on April 1, 2018 and will expire on March 31, 2021, subject to two annual service renewals through March 31, 2023. The Broadcasting Company provides \$1,100,000 of funding to PMNJ each year of the full-service term in accordance with the terms of the agreement. PMNJ recognized \$825,000 in retransmission fees each year as other income for the years ended June 30, 2020 and 2019. In addition, \$275,000 in promotional spots was recognized and released from donor restriction for the years ended June 30, 2020 and 2019.

**PUBLIC MEDIA NJ, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 7—CONTROLLING ENTITY

As described in Note 1, PMNJ is a controlled entity of WNET. Certain officers of WNET are also officers of PMNJ. In addition, one member of the Board of Trustees of WNET is also a member of the Board of Trustees of PMNJ (and served as its Chairman through June 30, 2019). Further, the President and CEO of WNET is also the President and CEO of PMNJ, as well as a member of its Board of Trustees.

As necessary, WNET advances funds to PMNJ for its programming, management and other fees. In some instances, grant collections for PMNJ are made out to WNET. As a result, the amount due to WNET amounted to \$262,357 and \$351,508 as of June 30, 2020 and 2019, respectively.

NOTE 8—NET ASSETS WITH DONOR RESTRICTIONS

Donor restricted net assets consist of the following purposes as of June 30:

	2020	2019
Program activities	\$ 1,571,268	\$ 1,933,959
Capital project, primarily for equipment, studio and newsroom facility	4,461,845	5,419,135
Endowment	50,000	50,000
	\$ 6,083,113	\$ 7,403,094

PMNJ has interpreted the New Jersey State Prudent Management of Institutional Funds Act (“SPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, PMNJ classifies as perpetually restricted net assets (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in perpetuity is classified as donor restricted net assets until those amounts are appropriated for expenditure by PMNJ in a manner consistent with the standard of prudence prescribed by SPMIFA. As of June 30, 2020, and 2019, the endowment is included in cash and cash equivalents and earnings have not accumulated. The endowment was carried over from the Foundation for New Jersey Public Broadcasting, Inc. when it merged with PMNJ in 2012.

NOTE 9—RETIREMENT PLAN

PMNJ, through WNET, has a defined contribution retirement plan under Internal Revenue Code (“IRC”) Section 403(b) for primarily all full-time nonunion employees as of their date of hire. WNET provides a matching contribution up to 4% of the employee’s compensation that is contributed (elective deferral) by the employee to its retirement account. In addition, WNET may choose to make a discretionary contribution equivalent to 3% of the employee’s compensation for employees who have completed two years of service. Expenses under the plan for the years ended June 30, 2020 and 2019, amounted to \$68,684 and \$59,762, respectively.

NOTE 10—COMMITMENTS AND CONTINGENCIES

A. PMNJ is exempt from Federal income taxation under Section 501(c)(3) of the IRC. Accordingly, no provision for income tax has been recorded in the accompanying financial statements. PMNJ believes it has no uncertain tax positions as of June 30, 2020 and 2019 in accordance with Accounting Standards Codification (“ASC”) Topic 740 (“Income Taxes”), which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

PUBLIC MEDIA NJ, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 10—COMMITMENTS AND CONTINGENCIES (Continued)

B. PMNJ has a lease agreement for its studio facility located in Newark, New Jersey. In August 2019, PMNJ renegotiated the lease to expand leased space from approximately 10,600 square feet to approximately 16,500 square feet and to renew the lease for a ten-year term, expiring in January 2030. The rent expense incurred under this agreement amounted to \$373,615 and \$278,382 for the years ended June 30, 2020 and 2019, respectively.

For the years ending after June 30, 2020, the future minimum rental payments from this real estate lease follows:

2021	\$	435,512
2022		479,013
2023		503,067
2024		503,067
2025		503,067
Thereafter		<u>2,429,429</u>
		<u>\$ 4,853,155</u>

C. The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on PMNJ's business and financial results will depend on future developments, including the duration and spread of the outbreak. Due to the rapidly changing business environment, unprecedented market volatility, and other circumstances resulting from the COVID-19 pandemic, PMNJ is currently unable to fully determine the extent of COVID-19's impact on its business in future periods. PMNJ's performance in future periods will be heavily influenced by the timing, length, and intensity of the economic recoveries in the United States. PMNJ continues to monitor evolving economic and general business conditions and the actual and potential impacts on PMNJ's financial position and results of operations.

NOTE 11—CONCENTRATIONS

Cash and cash equivalents that potentially subject PMNJ to a concentration of credit risk include cash accounts with two banks that exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits (\$250,000 per depositor) by approximately \$2,864,000 and \$3,218,000 as of June 30, 2020 and 2019, respectively. This excess includes outstanding checks.

NOTE 12—SUBSEQUENT EVENTS

Management has evaluated events subsequent to the date of the statement of financial position through November 20, 2020, the date the financial statements were available to be issued.