



My NJ. My PBS.

PUBLIC MEDIA NJ, INC.

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

YEARS ENDED JUNE 30, 2021 AND 2020

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, 2021 AND 2020

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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, 2021 and 2020, 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, 2021 and 2020 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
December 2, 2021

PUBLIC MEDIA NJ, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
Cash and cash equivalents (Notes 2C and 11)	\$ 3,265,410	\$ 3,168,340
Accounts receivable (Note 2J)	308,214	517,844
Grants and gifts receivable - net (Notes 2H and 2I)	901,815	960,597
Costs incurred for programs not yet telecast (Note 2K)	-	4,357
Prepaid expenses and other assets	48,902	46,661
Investments (Notes 2D and 4)	4,815,172	5,866,934
Property and equipment, net (Notes 2E and 5)	3,803,533	1,891,003
TOTAL ASSETS	\$ 13,143,046	\$ 12,455,736
 LIABILITIES		
Accounts payable and accrued expenses (Note 2G)	\$ 887,965	\$ 1,057,947
Due to controlling entity (Note 7)	780,985	262,357
TOTAL LIABILITIES	1,668,950	1,320,304
 COMMITMENTS AND CONTINGENCIES (Note 10)		
 NET ASSETS (Notes 2B and 8)		
Without donor restrictions	7,403,701	5,052,319
With donor restrictions	4,070,395	6,083,113
TOTAL NET ASSETS	11,474,096	11,135,432
TOTAL LIABILITIES AND NET ASSETS	\$ 13,143,046	\$ 12,455,736

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

PUBLIC MEDIA NJ, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	For the Year Ended June 30, 2021			For the Year Ended June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total 2021	Without Donor Restrictions	With Donor Restrictions	Total 2020
			-			
REVENUE AND OTHER SUPPORT:						
Contributions and underwriting for designated projects (Notes 2H and 6)	\$ 2,324,041	\$ 1,899,566	\$ 4,223,607	\$ 2,200,824	\$ 1,905,766	\$ 4,106,590
Programming and service fees (Notes 1 and 2I)	4,972,217	-	4,972,217	4,817,959	-	4,817,959
Other income (Notes 4 and 6)	889,954	-	889,954	945,415	-	945,415
Sub-total of revenue and other support	8,186,212	1,899,566	10,085,778	7,964,198	1,905,766	9,869,964
Net assets released from restrictions:						
Underwriting for designated projects (Note 2H)	3,912,284	(3,912,284)	-	3,225,747	(3,225,747)	-
Total net assets released from restrictions	3,912,284	(3,912,284)	-	3,225,747	(3,225,747)	-
TOTAL REVENUE AND OTHER SUPPORT	12,098,496	(2,012,718)	10,085,778	11,189,945	(1,319,981)	9,869,964
EXPENSES (Note 2M):						
Program services:						
Programming	6,933,735	-	6,933,735	7,480,713	-	7,480,713
Broadcast station	508,578	-	508,578	505,138	-	505,138
Education	5,033	-	5,033	3,372	-	3,372
Total program services	7,447,346	-	7,447,346	7,989,223	-	7,989,223
Fundraising:						
Membership and development	1,246,326	-	1,246,326	1,321,899	-	1,321,899
Total fundraising	1,246,326	-	1,246,326	1,321,899	-	1,321,899
Management and administration	1,159,847	-	1,159,847	916,988	-	916,988
TOTAL EXPENSES	9,853,519	-	9,853,519	10,228,110	-	10,228,110
CHANGE IN NET ASSETS FROM OPERATIONS	2,244,977	(2,012,718)	232,259	961,835	(1,319,981)	(358,146)
NON-OPERATING ACTIVITY:						
Board designated contributions (Notes 2B and 2L)	106,405	-	106,405	-	-	-
CHANGE IN NET ASSETS	2,351,382	(2,012,718)	338,664	961,835	(1,319,981)	(358,146)
Net Assets - Beginning of Year	5,052,319	6,083,113	11,135,432	4,090,484	7,403,094	11,493,578
NET ASSETS - END OF YEAR	\$ 7,403,701	\$ 4,070,395	\$ 11,474,096	\$ 5,052,319	\$ 6,083,113	\$ 11,135,432

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, 2021 AND 2020

	<u>For the Year Ended June 30, 2021</u>				<u>For the Year Ended June 30, 2020</u>			
	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total 2021</u>	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total 2020</u>
		<u>Fundraising</u>	<u>Management and Administration</u>			<u>Fundraising</u>	<u>Management and Administration</u>	
Salaries and wages	\$ 3,312,869	\$ 429,755	\$ 234,358	\$ 3,976,982	\$ 3,816,293	\$ 324,328	\$ 48,217	\$ 4,188,838
Benefits and payroll taxes (Note 9)	817,589	91,881	59,701	969,171	757,892	54,887	4,890	817,669
Dues and PBS assessments	811,265	2,480	66	813,811	963,785	2,020	-	965,805
Program production and acquisition costs	1,057,597	195,642	26,612	1,279,851	1,048,565	289,524	2,525	1,340,614
Accounting and legal fees	-	-	80,756	80,756	-	-	106,234	106,234
Management fee (Note 7)	-	-	750,000	750,000	-	-	750,000	750,000
Supplies and premiums	717	219,039	-	219,756	2,206	230,114	-	232,320
Telephone and transmission	192,915	49,720	-	242,635	251,463	156,301	-	407,764
Postage, delivery and fulfillment	25,141	68,542	-	93,683	12,687	99,843	199	112,729
Rent (Note 10B)	525,479	-	-	525,479	391,826	-	-	391,826
Occupancy, utilities and facility maintenance	93,676	22,834	-	116,510	96,011	15,711	-	111,722
Equipment rentals, purchases and maintenance	46,290	229	-	46,519	53,152	277	23	53,452
Printing and publications	-	86,434	-	86,434	1,060	79,592	585	81,237
Travel and business	74,759	2,329	-	77,088	166,128	8,934	771	175,833
Depreciation and amortization (Note 5)	340,312	-	-	340,312	412,741	-	-	412,741
Advertising and promotion (Note 2O)	136,923	7,528	-	144,451	15,347	2,138	-	17,485
Merchant processing fees	-	69,913	-	69,913	-	58,230	-	58,230
Miscellaneous expenses	11,814	-	8,354	20,168	67	-	3,544	3,611
TOTAL EXPENSES	<u>\$ 7,447,346</u>	<u>\$ 1,246,326</u>	<u>\$ 1,159,847</u>	<u>\$ 9,853,519</u>	<u>\$ 7,989,223</u>	<u>\$ 1,321,899</u>	<u>\$ 916,988</u>	<u>\$ 10,228,110</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, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 338,664	\$ (358,146)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	340,312	412,741
Loss on disposal of property and equipment	11,767	-
Realized and unrealized loss on investments	30,626	16,271
Subtotal	721,369	70,866
Changes in operating assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	209,630	536,024
Grants and gifts receivable	58,782	352,089
Cost incurred for programs not yet telecast	4,357	(3,625)
Prepaid expenses and other assets	(2,241)	20,756
(Decrease) increase in liabilities:		
Accounts payable and accrued expenses	(169,982)	410,151
Due to controlling entity	518,628	(89,151)
Net Cash Provided by Operating Activities	1,340,543	1,297,110
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(2,264,609)	(962,899)
Proceeds from sales of investments	1,100,081	5,366,317
Purchase of investments and reinvested income	(78,945)	(5,963,361)
Net Cash Used in Investing Activities	(1,243,473)	(1,559,943)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	97,070	(262,833)
Cash and cash equivalents - beginning of year	3,168,340	3,431,173
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,265,410	\$ 3,168,340

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

PUBLIC MEDIA NJ, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1—ORGANIZATION AND NATURE OF ACTIVITIES

Public Media NJ, Inc. (“PMNJ”, also known as “NJ PBS”) 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 has been renewed twice, with the current term lasting through June 30, 2026.

In May 2015, PMNJ opened its studio and newsroom in Newark, New Jersey, the Agnes Varis NJ PBS 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 NJ PBS and allow it to expand its Jersey-centric programming and education outreach, while also opening doors to new partnerships and sources of support. PMNJ recently expanded the facility with the support of a state grant 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, 2021 AND 2020

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, except for short-term investments managed as part of PMNJ's investment portfolio.
- 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, 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, 2021 and 2020.
- 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, 2021 and 2020, such deferrals amounted to \$195,299 and \$138,887, 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, those with a measurable performance barrier and right of return, 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, 2021 and 2020 are all due within one year.

- I. **Programming and Service Fees** – Revenues from programming and service fees are recognized in the accounting period in which the services are provided. Performance obligations are determined based on the nature of the services provided by PMNJ in accordance with the contract. Revenue for performance obligations satisfied over time is recognized as the services are provided. This method depicts the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. (See Note 2P).

PUBLIC MEDIA NJ, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- J. ***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, 2021, and 2020, an allowance for doubtful accounts of \$50,000, was deemed necessary for grants and gifts receivable. As of June 30, 2021 and 2020, no allowance for doubtful accounts was deemed necessary for accounts receivable.
- K. ***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.
- L. ***Measure of Operations*** – The Company includes in its definition of operations, all support, revenue and expenses that are an integral part of its program and supporting activities. Planned gifts received from donors during the fiscal year ended June 30, 2021, are recognized as non-operating activities in accordance with the policy.
- M. ***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 are allocated by square footage.
- N. ***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.
- O. ***Advertising*** – The cost of advertising is expensed as incurred and amounted to \$144,451 and \$17,485 for the years ended June 30, 2021 and 2020, respectively.
- P. ***Change in Accounting Guidance*** – PMNJ adopted the following accounting guidance:
Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers* (Topic 606) was adopted by PMNJ as of July 1, 2020. The core guidance in ASU 2014-09 is to recognize revenue to depict the transfer of services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services. The effects of applying ASU 2014-09 had no impact on the way the Company was recognizing revenue and therefore, no adjustment was made to the financial statements as previously reported.

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 cash equivalents 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).

PUBLIC MEDIA NJ, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 3—LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

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

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 3,265,410	\$ 3,168,340
Accounts receivable, net	308,214	517,844
Grants and gifts receivable, net	901,815	960,597
Investments	<u>2,373,502</u>	<u>-</u>
Total financial assets	6,848,941	4,646,781
Less: Donor restricted fund in perpetuity	<u>(50,000)</u>	<u>(50,000)</u>
	<u>\$ 6,798,941</u>	<u>\$ 4,596,781</u>

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, included in other income in the accompanying statements of activities, consists of the following for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 78,945	\$ 106,115
Realized and unrealized loss	<u>(30,626)</u>	<u>(16,271)</u>
	<u>\$ 48,319</u>	<u>\$ 89,844</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>2021</u>	<u>2020</u>
Leasehold improvements	\$ 2,923,397	\$ 958,567
Furniture and fixtures	151,009	140,192
Computer equipment	342,529	273,779
Production and other equipment	3,512,507	2,394,502
Construction in progress	<u>3,955</u>	<u>1,037,720</u>
Total cost	6,933,397	4,804,760
Less: Accumulated depreciation and amortization	<u>(3,129,864)</u>	<u>(2,913,757)</u>
Net book value	<u>\$ 3,803,533</u>	<u>\$ 1,891,003</u>

As of June 30, 2020, the construction in progress primarily represents the expansion of the Gateway studio in Newark, New Jersey, and was substantially completed by June 30, 2021. As of June 30, 2021, there are minor additions with an estimated cost to complete of approximately \$10,000.

Depreciation and amortization expense for the years ended June 30, 2021 and 2020 amounted to \$340,312 and \$412,741, respectively. During the year ended June 30, 2021, certain property and equipment with a total cost of \$135,972 and accumulated depreciation of \$124,205 were written off resulting in a loss of \$11,767. For the year ended June 30, 2020, certain property and equipment with a total cost and accumulated depreciation of \$134,463 were written off.

**PUBLIC MEDIA NJ, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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 current term of this agreement goes through March 31, 2023. The Broadcasting Company provides \$1,100,000 of funding to PMNJ each year of the full-service term with 3% increase upon renewal in accordance with the terms of the agreement. PMNJ recognized \$831,188 and \$825,000 in retransmission fees as other income for the years ended June 30, 2021 and 2020, respectively. In addition, \$277,062 and \$275,000 in promotional spots was recognized and released from donor restriction for the years ended June 30, 2021 and 2020, respectively.

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. 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 \$780,985 and \$262,357 as of June 30, 2021 and 2020, respectively.

NOTE 8—NET ASSETS WITH DONOR RESTRICTIONS

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

	2021	2020
Program activities	\$ 1,578,725	\$ 1,571,268
Capital project, primarily for equipment, studio and newsroom facility	2,441,670	4,461,845
Endowment	50,000	50,000
	\$ 4,070,395	\$ 6,083,113

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, 2021, and 2020, the endowment has not had accumulated earnings. 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, 2021 and 2020, amounted to \$65,010 and \$68,684, respectively.

PUBLIC MEDIA NJ, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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, 2021 and 2020 in accordance with FASB Accounting Standards Codification (“ASC”) Topic 740 (“Income Taxes”), which provides standards for establishing and classifying any tax provisions for uncertain tax positions.
- 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 \$491,924 and \$373,615 for the years ended June 30, 2021 and 2020, respectively.

For the years ending after June 30, 2021, the future minimum rental payments from this real estate lease follows:

2022	\$	479,013
2023		503,067
2024		503,067
2025		503,067
2026		503,067
Thereafter		<u>1,926,362</u>
		<u>\$ 4,417,643</u>

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 \$3,015,000 and \$2,864,000 as of June 30, 2021 and 2020, 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 December 2, 2021, the date the financial statements were available to be issued.