

**NEW JERSEY PUBLIC BROADCASTING AUTHORITY**

Examination Report and Financial Schedules

June 30, 2022

**NEW JERSEY PUBLIC BROADCASTING AUTHORITY**

TABLE OF CONTENTS  
June 30, 2022

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	<u>Page Number</u>
<b>Independent Accountants' Report</b> .....	1
<b>Combining Financial Statements and Schedules</b>	
Combining Balance Sheet.....	3
Combining Statement of Revenues, Expenses and Changes in Net Position .....	4
Combining Schedule of Revenues for the Corporation for Public Broadcasting Annual Financial Report .....	5
Combining Schedule of Expenses/Capital Outlay for the Corporation for Public Broadcasting Annual Financial Report .....	6

## INDEPENDENT ACCOUNTANTS' REPORT

To the Board Commissioners of  
New Jersey Public Broadcasting Authority

We have examined New Jersey Public Broadcasting Authority's (the "Authority") compliance with the requirements of the Corporation for Public Broadcasting's ("CPB") Fiscal Year 2022 Financial Reporting Guidelines governing the amounts reported as Non-Federal Financial Support ("NFFS") during the year ended June 30, 2022. The Authority's management is responsible for (a) identifying applicable compliance requirements, (b) establishing and maintaining effective internal control over compliance with CPB's Fiscal Year 2022 Financial Reporting Guidelines governing the amounts reported as NFFS, (c) evaluating and monitoring the Authority's compliance with CPB's Fiscal Year 2022 Financial Reporting Guidelines governing the amounts reported as NFFS and providing us with a written assertion thereon, (d) specifying reports that satisfy legal, regulatory or contractual requirements, and (e) making all records and related information available to us. Our responsibility is to express an opinion concerning the Authority's compliance with CPB's Fiscal Year 2022 Financial Reporting Guidelines governing the amounts reported as NFFS, based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about the Authority's compliance with the CPB's Fiscal Year 2022 Financial Reporting Guidelines governing amounts reported as NFFS, in all material respects. An examination involves performing procedures to obtain evidence about the Authority's compliance with the CPB's Fiscal Year 2022 Financial Reporting Guidelines governing amounts reported as NFFS. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the Authority's compliance with the CPB's Fiscal Year 2022 Financial Reporting Guidelines governing amounts reported as NFFS, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to the engagement.

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's Fiscal Year 2022 Financial Reporting 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 amounts presented on the Combining Balance Sheet, Combining Statement of Revenues, Expenses and Changes in Net Position, and Combining Schedule of Expenses/Capital Outlay for the Corporation for Public Broadcasting Annual Financial Report as listed in the table of contents were not subject to our examination procedures.

In our opinion, the Authority is in compliance with the CPB's Fiscal Year 2022 Financial Reporting Guidelines governing amounts reported as NFFS during the year ended June 30, 2022, in all material respects. The Combining Schedule of Revenues for the Corporation for Public Broadcasting Annual Financial Report, as listed in the table of contents, presents amounts that were subject to our examination procedures.

## INDEPENDENT ACCOUNTANTS' REPORT (CONTINUED)

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*

Hamilton, New Jersey

February 13, 2023

## NEW JERSEY PUBLIC BROADCASTING AUTHORITY

### COMBINING BALANCE SHEET

June 30, 2022

	New Jersey Public Broadcasting Authority	Public Media NJ, Inc.	Elimination	Total
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ 3,299,054	\$ -	\$ 3,299,054
Accounts receivable, net	21,230	969,916	(309,940) (a)	681,206
Due from State of New Jersey	1,329,202	-	-	1,329,202
Grants and gifts receivable, net	-	1,434,356	-	1,434,356
Costs incurred for programs not yet telecast	-	68,939	-	68,939
Prepaid expense and other assets	32,732	40,431	-	73,163
Investments	-	4,001,159	-	4,001,159
Capital assets, net	6,153,532	3,474,666	-	9,628,198
Total Assets	<u>\$ 7,536,696</u>	<u>\$ 13,288,521</u>	<u>\$ (309,940)</u>	<u>\$ 20,515,277</u>
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 749,605	\$ 1,029,425	\$ (309,940) (a)	\$ 1,469,090
Unearned revenue	32,732	-	-	32,732
Due to controlling entity	-	740,909	-	740,909
Total Liabilities	<u>782,337</u>	<u>1,770,334</u>	<u>(309,940)</u>	<u>2,242,731</u>
<b>Net Position</b>				
Investment in capital assets	6,153,532	-	-	6,153,532
Unrestricted	600,827	7,619,726	-	8,220,553
Temporarily restricted	-	3,848,461	-	3,848,461
Permanently restricted	-	50,000	-	50,000
Total Net Position	<u>6,754,359</u>	<u>11,518,187</u>	<u>-</u>	<u>18,272,546</u>
Total Liabilities and Net Position	<u>\$ 7,536,696</u>	<u>\$ 13,288,521</u>	<u>\$ (309,940)</u>	<u>\$ 20,515,277</u>

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

See independent accountants' report.

## NEW JERSEY PUBLIC BROADCASTING AUTHORITY

### COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year Ended June 30, 2022

	New Jersey Public Broadcasting Authority	Public Media NJ, Inc.	Elimination	Total
Support and Revenues				
New Jersey State support (direct)	\$ 3,085,639	\$ 1,000,000	\$ (1,000,000) (a)	\$ 3,085,639
New Jersey State support (in-kind)	747,386	-	-	747,386
New Jersey Public Broadcasting Authority Trust Fund support	848,472	-	-	848,472
Contributions and grants	1,625,571	5,357,647	(333,777) (a)	6,649,441
Rental income	3,561,040	-	-	3,561,040
Programming and service fees	200,000	5,131,640	(5,131,640) (a)	200,000
Royalties	315,409	-	-	315,409
Other income	113,743	654,458	-	768,201
Total Support and Revenues	<u>10,497,260</u>	<u>12,143,745</u>	<u>(6,465,417)</u>	<u>16,175,588</u>
Expenses				
Programming and production	6,622,929	9,282,151	(6,465,417) (a)	9,439,663
Education	-	1,668	-	1,668
Broadcasting and engineering	2,342,120	459,027	-	2,801,147
Fundraising and membership development	-	1,339,983	-	1,339,983
General and administrative	771,883	1,016,825	-	1,788,708
Total Expenses	<u>9,736,932</u>	<u>12,099,654</u>	<u>(6,465,417)</u>	<u>15,371,169</u>
Changes in Net Position	760,328	44,091	-	804,419
Net Position-Beginning of Year	5,994,031	11,474,096	-	17,468,127
Net Position-End of Year	<u>\$ 6,754,359</u>	<u>\$ 11,518,187</u>	<u>\$ -</u>	<u>\$ 18,272,546</u>

(a) Public Media NJ, Inc. recorded \$6,465,417 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.

## NEW JERSEY PUBLIC BROADCASTING AUTHORITY

### COMBINING SCHEDULE OF REVENUES FOR THE CORPORATION FOR PUBLIC BROADCASTING ANNUAL FINANCIAL REPORT Year Ended June 30, 2022

Sch. #	Line #	Description	New Jersey Public Broadcasting Authority	Public Media NJ, Inc.	Elimination	Total
A	1(f)	Federal Funds - Other	\$ 119,526	\$ 111,644	\$ (111,644) (a)	\$ 119,526
A	2(a)	Community Service Grant	1,263,304	1,263,304	(1,263,304) (a)	1,263,304
A	2(b)	All other funds from CPB	362,267	362,267	(362,267) (a) (b)	362,267
A	2(c)	PBS non-royalties	-	-	-	-
A	2(e)	Public Broadcasting Stations	91,422	124,826	(84,826) (a)	131,422
A	4	State Government	4,485,420	1,075,897	(1,000,000) (c)	4,561,317
A	5	State Colleges and Universities	-	57,000	-	57,000
A	7	Private Colleges and Universities	62,604	63,222	(58,222) (a)	67,604
A	8	Foundations	-	641,783	-	641,783
A	9	Business	3,601,230	5,304,073	(3,585,154) (a)	5,320,149
A	10	Membership	-	1,829,869	-	1,829,869
A	15(b)	Passive Income: Royalties	-	400	-	400
A	15(c)	PBS pass-through Royalties	304,080	-	-	304,080
A	16(a)	Gains from sales of property and equipment	-	13,500	-	13,500
A	16(b)	Realized gains/(losses) on investments (other than endowment funds)	-	(292,776)	-	(292,776)
A	16(c)	Unrealized gains/(losses) on investments and actuarial gains/(losses) on charitable trust and gift annuities (other than endowment funds)	-	1,342	-	1,342
A	19	Major Individual Gifts	-	1,026,371	-	1,026,371
A	20	Other Direct Revenue	11,330	17,613	-	28,943
A	21	Spectrum Auction	-	57,770	-	57,770
B	1	Indirect Administrative Support	196,077	-	-	196,077
C	5D	In-Kind Contributions	-	485,640	-	485,640
			<u>\$ 10,497,260</u>	<u>\$ 12,143,745</u>	<u>\$ (6,465,417)</u>	<u>\$ 16,175,588</u>

Total reported as NFFS (total Schedule A, Direct Revenue and Schedule B, Indirect Administrative Support less NFFS ineligible revenues): \$ 8,411,618

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

(b) Includes \$333,777 of American Rescue Plan funding allocated to PMNJ.

(c) State appropriation allocated to PMNJ.

See independent accountants' report.

**NEW JERSEY PUBLIC BROADCASTING AUTHORITY**

COMBINING SCHEDULE OF EXPENSES/CAPITAL OUTLAY FOR THE CORPORATION FOR  
PUBLIC BROADCASTING ANNUAL FINANCIAL REPORT  
Year Ended June 30, 2022

<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	\$ 6,622,929 (a)	\$ 9,282,151	\$ (6,465,417) (a)	\$ 9,439,663
E	2	Broadcasting and Engineering	2,342,120	459,027	-	2,801,147
E	3	Program Information and Promotion	-	1,668	-	1,668
Support Services						
E	4	Management and General	771,883	1,016,825	-	1,788,708
E	5	Fundraising and Membership Development	-	1,339,983	-	1,339,983
Total Expenses			<u>\$ 9,736,932</u>	<u>\$ 12,099,654</u>	<u>\$ (6,465,417)</u>	<u>\$ 15,371,169</u>
Due to controlling entity						
Capital						
E	9(b)	Equipment	<u>\$ 951,280</u>	<u>\$ 329,290</u>		<u>\$ 1,280,570</u>

(a) \$6,465,417 of expenses recorded in programming that was recorded as revenue on PMNJ's books.



**NEW JERSEY PUBLIC BROADCASTING  
AUTHORITY**

Financial Statements  
and  
Supplementary Information

June 30, 2022

**NEW JERSEY PUBLIC BROADCASTING AUTHORITY**

TABLE OF CONTENTS

June 30, 2022

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	<u>Page Number</u>
<b>Independent Auditors' Report</b> .....	1
<b>Management's Discussion and Analysis (Unaudited)</b> .....	4
<b>Basic Financial Statements</b>	
Statement of Net Position.....	8
Statement of Revenues, Expenses and Change in Net Position .....	9
Statement of Cash Flows .....	10
Notes to Financial Statements .....	11
<b>Supplementary Information</b>	
Schedule of Functional Expenses .....	19
<b>Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b> .....	20
Schedule of Current Year Findings and Recommendations .....	22
Summary Schedule of Prior Year Audit Findings.....	23

## **INDEPENDENT AUDITORS' REPORT**

## **INDEPENDENT AUDITORS' REPORT**

To the Board of the  
New Jersey Public Broadcasting Authority

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the New Jersey Public Broadcasting Authority (the "Authority"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2022, and the changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with ("GAAS") and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***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 is the responsibility of management and, 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.

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the Authority's basic financial statements. The schedule of functional expenses, as listed in table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of functional expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2022, on our consideration the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Mercadion, P.C.*

*Certified Public Accountants*

December 20, 2022

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

# NEW JERSEY PUBLIC BROADCASTING AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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### Overview of the Financial Statements

The management of the New Jersey Public Broadcasting Authority (the "Authority") or ("NJPBA"), has prepared this narrative overview and analysis of the financial activities for the year ended June 30, 2022, for the readers of these financial statements. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position.

Since the Authority is comprised of a single enterprise fund, no fund-level financial statements are shown. The Authority's operating budget is allocated by the State of New Jersey Department of Treasury and is not legally adopted, thus there are no budgetary schedules included.

The statement of net position presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, an increase or decrease in net position may serve as a useful indicator of whether or not the financial position of the Authority is improving or deteriorating.

Net position increases when revenues exceed expenses. An increase in liabilities without corresponding increases to assets results in a decrease to net position and a deteriorating financial position.

The statement of revenues, expenses, and changes in net position presents information showing how a government entity's net position changed during the fiscal year. Changes in net position are reported as soon as the underlying event occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., accounts payable and accrued expenses or accounts receivable). The financial statements also contain footnote disclosures including the Authority's "in-kind" revenues and expenses.

As required, and in order to qualify for its community service grants, the Authority files an annual financial report ("AFR") with the Corporation for Public Broadcasting ("CPB") and an annual public broadcasting system station activity benchmark survey ("SABS").

### Financial Analysis

As of July 1, 2011, the Authority entered into a "Programming and Services Agreement" with Public Media NJ, Inc. ("PMNJ") under which PMNJ assumed responsibility for all television programming, production, fundraising, promotion and general station operations. Many activities that were formerly the responsibility of the Authority have been taken over by PMNJ. The Authority continues to be the Federal Communications Commission ("FCC") licensee, and operates the broadcast transmitters and related infrastructure to support the statewide distribution of public media programming in New Jersey. The "Programming and Services Agreement" automatically renewed for an additional five-year term in July of 2021.

It should be noted that the Authority's mission is limited to the operation of the statewide broadcast infrastructure and oversight of a "Programming and Services Agreement" with PMNJ. As such, there is no anticipation of adding or expanding services, developing new revenue streams or engaging in activities that would significantly change the net position calculation in future periods.



## NEW JERSEY PUBLIC BROADCASTING AUTHORITY

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

#### Financial Analysis (Continued)

The following are the condensed statements of net position as of June 30, 2022 and 2021:

#### Statements of Net Position

	2022	2021	\$ Change	% Change
Current and other assets	\$ 1,383,164	\$ 1,748,977	\$ (365,813)	(21) %
Capital assets	6,153,532	5,549,174	604,358	11 %
Total assets	<u>\$ 7,536,696</u>	<u>\$ 7,298,151</u>	<u>\$ 238,545</u>	3 %
Current liabilities	\$ 782,337	\$ 1,304,120	\$ (521,783)	(40) %
Net position				
Investment in capital assets	6,153,532	5,549,174	604,358	11 %
Unrestricted	600,827	444,857	155,970	35 %
Total net position	<u>6,754,359</u>	<u>5,994,031</u>	<u>760,328</u>	13 %
Total liabilities and net position	<u>\$ 7,536,696</u>	<u>\$ 7,298,151</u>	<u>\$ 238,545</u>	3 %

Capital assets reflects the Authority's investment in capital assets (i.e., transmission towers related equipment, studio broadcasting equipment as required by the FCC as a licensee to retain the capability to originate broadcasts if necessary, and other items essential to the interconnection and monitoring of the broadcast signal,) less accumulated depreciation. The Authority uses these assets to provide public broadcasting services, disseminate emergency broadcast information statewide as needed, and to liquidate current liabilities and for any other essential spending necessary to maintain transmission of the broadcast signal on a full-time basis.

The Authority's investment in capital assets as of June 30, 2022, net of total accumulated depreciation equals \$6,153,532. This represents an increase of \$604,358 from the prior fiscal year, attributable in part to equipment purchases less depreciation of capital assets.

Current and other assets of \$1,383,164, which represents tower lease receivables, amounts due from the State of New Jersey, and prepaid expenses, decreased \$365,813 from the prior year mainly due to decreases in amounts due from the State of New Jersey and prepaid expenses.

Of the Authority's \$782,337 in current liabilities, \$749,605 represents the Authority's accounts payable and accrued expenses, and \$32,732 represents unearned revenue – tower rentals. Current liabilities decreased by \$521,783 from June 30, 2021, due to timing of vendor payments and a decrease in unearned revenue.

The following are the condensed statements of revenues, expenses and changes in net position for the years ended June 30, 2022 and 2021.

## NEW JERSEY PUBLIC BROADCASTING AUTHORITY

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

#### Statements of Revenues, Expenses and Changes in Net Position

	<u>2022</u>	<u>2021</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues	\$ 10,497,260	\$ 9,795,142	\$ 702,118	7 %
Expenses	9,736,932	8,203,493	1,533,439	19 %
Changes in net position	760,328	1,591,649	(831,321)	(52) %
Net position, beginning of year	5,994,031	4,402,382	1,591,649	36 %
Net position, end of year	<u>\$ 6,754,359</u>	<u>\$ 5,994,031</u>	<u>\$ 760,328</u>	13 %

Net position may serve, over time, as a useful indicator of an agency's financial position. The Authority's assets exceeded liabilities by \$6,754,359 at the close of fiscal year 2022, an increase of \$760,328 from the prior fiscal year.

As a result of the Public Broadcasting Transfer Act of 2010, the Authority is "in, but not of" the Department of the Treasury. Through a Memorandum of Understanding between Treasury and the Authority, Treasury provides staff (currently five full-time positions) and other support for Authority operations, the value of which is approximately \$2,760,000. Other external revenue streams (Corporation for Public Broadcasting and Public Broadcasting Service grants, license fees, tower rents, and cable waiver fees) are received by the Authority and passed through to PMNJ under the terms of the Programming and Services Agreement.

Revenues increased \$702,118 mainly due to increases in tower rentals, direct New Jersey State support, royalties, and CPB grants. Increases in revenues were offset by decreases in New Jersey Public Broadcasting Authority Trust Fund support. Expenses increased \$1,533,439 due to increases in programming and production, broadcasting, and general and administrative expenses.

#### Significant Events

During fiscal year 2022, the Authority has completed approximately \$517,680 in board-approved infrastructure and program archiving projects. Tower guy wire replacements and the completion of the FCC Spectrum Repack were the primary capital projects undertaken by the Authority during the year. The FCC completed all remittance payments to the Authority that were associated with the agency's Spectrum Repack Program.

During fiscal year 2021, the Authority received \$467,553 in American Rescue Plan ("ARP") funding from the Corporation for Public Broadcasting. The Authority remitted \$333,777 of the ARP funds to Public Media NJ in fiscal year 2022. The remaining ARP funds have been used on infrastructure repair and equipment replacement.

The Authority has identified over \$9 million in unfunded capital projects to address broadcast facility infrastructure. The Authority has proposed a ten-year capital plan that prioritizes projects based on safety, asset preservation, obsolescence and pending regulatory changes.

The Department of Treasury began using an asset management system called AssetCloud from WASP technologies.

## **NEW JERSEY PUBLIC BROADCASTING AUTHORITY**

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

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### **Contact the Authority's Financial Management**

This financial report is designed to provide a general overview of the New Jersey Public Broadcasting Authority's finances for those with an interest therein. Questions concerning any of the information presented in this report or requests for additional financial information should be addressed to the Executive Director of the New Jersey Public Broadcasting Authority, 25 South Stockton Street, Trenton, NJ 08608.

## **BASIC FINANCIAL STATEMENTS**

# NEW JERSEY PUBLIC BROADCASTING AUTHORITY

## STATEMENT OF NET POSITION June 30, 2022

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### ASSETS

Accounts receivable, net	\$ 21,230
Due from State of New Jersey	1,329,202
Prepaid expenses	32,732
Capital assets, net	<u>6,153,532</u>
Total Assets	<u>\$ 7,536,696</u>

### LIABILITIES AND NET POSITION

Liabilities	
Accounts payable and accrued expenses	\$ 749,605
Unearned revenue	<u>32,732</u>
Total Liabilities	<u>782,337</u>
Net Position	
Investment in capital assets	6,153,532
Unrestricted	<u>600,827</u>
Total Net Position	<u>6,754,359</u>
Total Liabilities and Net Position	<u>\$ 7,536,696</u>

## NEW JERSEY PUBLIC BROADCASTING AUTHORITY

### STATEMENT OF REVENUES AND EXPENSES AND CHANGE IN NET POSITION Year Ended June 30, 2022

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Revenues	
New Jersey State support (direct)	\$ 3,085,639
New Jersey State support (in-kind)	747,386
New Jersey Public Broadcasting Authority Trust Fund support	848,472
Corporation for Public Broadcasting grants	1,625,571
Tower rentals	3,561,040
Food Network contract revenue	200,000
Royalties	315,409
Radio facility lease revenue	113,743
Total revenues	<u>10,497,260</u>
Functional Expenses	
Programming and production	6,622,929
Broadcasting	2,342,120
General and administrative	771,883
Total functional expenses	<u>9,736,932</u>
Change in net position	760,328
Net position, beginning of year	<u>5,994,031</u>
Net position, end of year	<u>\$ 6,754,359</u>

## NEW JERSEY PUBLIC BROADCASTING AUTHORITY

### STATEMENT OF CASH FLOWS Year Ended June 30, 2022

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Cash Flows from Operating Activities	
Receipts from customers	\$ 9,624,398
Payments to suppliers and employees	(8,673,118)
Net cash from operating activities	<u>951,280</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of capital assets	<u>(951,280)</u>
Net change in cash and cash equivalents	-
Cash and cash equivalents, beginning of year	-
Cash and cash equivalents, end of year	<u>\$ -</u>
Reconciliation of change in net position to net cash from operating activities	
Change in net position	\$ 760,328
Adjustments to reconcile the change in net position to net cash from operating activities	
Depreciation	365,125
Prior year fixed asset adjustments	(18,203)
Change in assets and liabilities	
Accounts receivable	2,504
Due from State of New Jersey	205,797
Prepaid expenses	157,512
Accounts payable and accrued expenses	(30,494)
Unearned revenue	(491,289)
Net cash from operating activities	<u>\$ 951,280</u>

# NEW JERSEY PUBLIC BROADCASTING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

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### A. NATURE OF ORGANIZATION

#### Reporting Entity

The New Jersey Public Broadcasting Authority (the "Authority") located in Trenton, New Jersey is an independent authority in, but not of, the Department of Treasury of the State of New Jersey. The Authority was established in 1968 under the New Jersey Public Broadcasting Act of 1968.

The Authority is the Federal Communications Commission's ("FCC") licensee for seven television broadcasting stations throughout New Jersey.

Effective July 1, 2011, the Authority entered into a programming and services agreement with Public Media NJ, Inc. ("PMNJ"), a New Jersey non-profit corporation, to provide public television programming and services on the stations under the name of NJ PBS and online at NJTVonline.org. The Authority is responsible to ensure that PMNJ provides high quality non-commercial programming that serves the needs and interests of the citizens of New Jersey and furthers the Authority's educational objectives.

The programming includes a weekday nightly news and public affairs program, live broadcast of New Jersey State annual budget messages, and live coverage of New Jersey elections as well as other cultural, educational and inspirational programming.

The New Jersey Public Broadcasting Authority Trust Fund ("Trust Fund") was created by the State of New Jersey ("State") as a restricted, nonlapsing revolving fund managed by the State for the benefit of the Authority as the entity selected to operate the Public Broadcasting System serving New Jersey. The Trust Fund is a separate legal entity which are fiduciary assets of the State.

### B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Accounting

The financial statements of the Authority are classified as business-type activities and have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

#### 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Accounts Receivable

The change in net position is charged with an allowance for estimated uncollectible amounts based on past experience and an analysis of current accounts receivable collectability. Accounts deemed uncollectible are charged to the allowance in the years they are deemed uncollectible.

#### Due from State of New Jersey

Amounts due from the State include funds held at the State for expenses to be paid out in subsequent periods.



# NEW JERSEY PUBLIC BROADCASTING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

---

### B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Capital Assets

Transmission antenna and towers are recorded at cost, except for donated items, which are recorded at their fair values on the dates of donation, (see Note D). The Authority capitalizes capital assets with a cost of \$20,000 or more and a useful life of greater than three years. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives of the transmission antenna and towers are 7 to 20 years.

Repairs and maintenance which do not extend the useful lives of the related assets are expensed as incurred.

#### Revenue Recognition

Corporate Public Broadcasting grants and the State of New Jersey Appropriations are recognized as revenue when expenses are incurred.

The Authority receives tower rental income and radio facility lease revenue, which are recognized based on the terms of lease occupancy agreements.

The Food Network contract revenue is recognized once the programming service is distributed on the cable network system.

The Trust Fund support is recognized when the trust funds are spent.

#### In-kind Contributions

The Authority records the value of in-kind services received from the State for FICA, fringe benefits and fixed occupancy/operating costs of the broadcasting building as revenue and expense when the in-kind contribution is both budget-relieving and relates to events and operations under the Authority's control.

#### Income Taxes

The Authority, as a New Jersey State agency, is exempt from all federal and State income taxes.

#### Functional Allocation of Expenses

The costs of providing programming and production, broadcasting and general and administrative services for the Authority have been summarized on a functional basis on the schedule of functional expenses. Accordingly, certain operating costs have been allocated among functional categories.

### C. ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2022, is as follows:

Tower rentals	\$	21,230
Total	\$	<u>21,230</u>

# NEW JERSEY PUBLIC BROADCASTING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

### D. CAPITAL ASSETS

Capital assets for the year ended June 30, 2022, are as follows:

	Beginning Balance	Additions	Reclass From CIP	Adjustments	Ending Balance
Transmission antenna and towers	\$ 12,645,985	\$ 442,238	\$ 1,040,325	\$ 82,985	\$ 14,211,533
Construction in progress	718,368	509,042	(1,040,325)	-	187,085
Totals at historical cost	<u>13,364,353</u>	<u>951,280</u>	<u>-</u>	<u>82,985</u>	<u>14,398,618</u>
Less accumulated depreciation for:					
Transmission antenna and towers	7,815,179	365,125	-	64,782	8,245,086
Total accumulated depreciation	<u>7,815,179</u>	<u>365,125</u>	<u>-</u>	<u>64,782</u>	<u>8,245,086</u>
Total capital assets	<u>\$ 5,549,174</u>	<u>\$ 586,155</u>	<u>\$ -</u>	<u>\$ 18,203</u>	<u>\$ 6,153,532</u>

Depreciation for the year ended June 30, 2022, amounted to \$365,125.

The Authority occupies a building and uses equipment in Trenton, New Jersey to which the State holds title. Occupancy and equipment use values to determine in-kind support amounts have been calculated using the annual depreciation expense for the equipment calculated on acquisition cost over the estimated useful lives of 39 and 10 years, respectively. For the year ended June 30, 2022, the value has been estimated at \$446,077 (see Note J).

### E. CONCENTRATIONS, RISK AND UNCERTAINTIES

The Authority is a State agency and, for the year ended June 30, 2022, received a significant portion of its revenue and support, aggregating \$3,833,025 from the State, including donated services for administrative support and occupancy costs (see Note J). The ongoing support from the State is subject to State appropriations.

Revenues received from the State and expenditures made by the Authority may be subject to financial compliance requirements and audit by various federal and State offices. In addition, State appropriations can change based on governmental determinations not within management's control.

The Authority received approximately 64%, or \$2,357,731, of its tower rental and radio facility lease revenues from Clearwire Spectrum Holdings LLC ("Clearwire") during the year ended June 30, 2022.

# NEW JERSEY PUBLIC BROADCASTING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

---

### F. OPERATING LEASES

The Authority is the lessor of excess digital channel capacity under two operating leases with Clearwire expiring in 2040. Minimum future rentals to be received on the non-cancelable leases are as follows:

<u>Year Ending June 30,</u>	
2023	\$ 2,083,378
2024	2,145,884
2025	2,210,265
2026	2,276,572
2027	2,344,869
2028-2032	12,822,687
2033-2037	14,865,018
2038-2040	7,318,933
Total	<u>\$ 46,067,606</u>

The Authority is also the lessor of tower rental space of antennas from various broadcasters, communication service companies, and federal agencies under operating leases expiring in various years through 2025. Rent is determined annually based on the number of antennas and related equipment installed on the State-owned towers. The tower property used to generate tower rental income is included in capital assets; rental income is recorded in the statement of revenues, expenses and change in net position as tower rentals. Management has determined that the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 87, "Leases," do not apply to the Authority's excess digital channel capacity leases (which are intangible asset licensing contracts) or tower rental space of antenna leases (which do not convey control of the right to use the antennas).

### G. COMMITMENTS AND CONTINGENCIES

On July 1, 2011, the Authority entered into a programming and services agreement, (the "agreement"), with PMNJ for the broadcast and delivery of New Jersey centric programming for a term of five years with an automatic renewal for two additional five-year terms. The Authority has also entered into an equipment use agreement with PMNJ for the use of certain Authority equipment by PMNJ in the performance of the programming and services agreement. The equipment use agreement will expire upon termination of the programming and services agreement. PMNJ shall have the right to terminate the agreement if the total of all federal, state and local government funding available to PMNJ for the provision of programming and services falls below \$4,000,000 in any fiscal year adopted by PMNJ; or if the total of all revenue and support available to PMNJ for the provision of programming and services from all federal, state and local government sources, foundation grants, donor contributions and other third-party financial support in any fiscal year adopted by PMNJ shall be 75% or less than the amount of such revenue and support budgeted for such fiscal year. For the year ended June 30, 2022, the funding available to PMNJ was \$5,622,929.

# NEW JERSEY PUBLIC BROADCASTING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

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### H. PENSION PLAN

Under a memorandum of understanding between the Authority and the State of New Jersey, Department of Treasury, ("Treasury"), Treasury supplies State employees to serve Authority needs. As such, they participate in the State retirement plan. The Authority has no liability for unfunded plan benefits and the pension liability is recorded on the books of the State. Please refer to State website [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions) for more information regarding the plan.

As a condition of employment, all full-time employees are required to be members of the Public Employees' Retirement System ("PERS"). The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits are vested after ten years of service, except for medical benefits, which are vested after 25 years of service or under the disability provisions of PERS.

Retirement criteria for PERS is based on membership tier, defined as follows:

Tier

- |   |   |
|---|---|
| 1 | Members who were enrolled prior to July 1, 2007                                   |
| 2 | Members who were enrolled on or after July 1, 2007, and prior to November 2, 2008 |
| 3 | Members who were enrolled on or after November 2, 2008, and prior to May 22, 2010 |
| 4 | Members who were enrolled on or after May 22, 2010, and prior to June 28, 2011    |
| 5 | Members who were enrolled on or after June 28, 2011                               |

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of the final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, Tiers 3 and 4 with 25 years or more of service credit before age 62, and Tier 5 with 30 years or more of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which the member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for their respective tier.

Covered employees were required by PERS to contribute 7.5% of their salaries during the year ended June 30, 2022. The State is required under statute to contribute the remaining amounts necessary to pay benefits when due. The amount of the contribution is certified each year by PERS on the recommendation of the actuary, who makes an annual actuarial valuation. The valuation is based on a determination of the financial condition of the retirement system. It includes the computation of the present dollar value of benefits payable to former and present members and the present dollar value of future employer and employee contributions, giving effect to mortality among active and retired members and also to the rates of disability, retirement, withdrawal, former service, salary and interest.

# NEW JERSEY PUBLIC BROADCASTING AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

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### I. POST-RETIREMENT BENEFITS OTHER THAN PENSION

Employees designated to serve the needs of the Authority are members of the State's cost sharing multiple-employer plan for health and post-retirement medical benefits. Thus, the Authority's portion of this liability and cost is included in the State's Annual Comprehensive Financial Report ("ACFR"), on an annual basis. The Authority's payroll is processed through the Treasury. As a result, the related payroll expense and fringe benefits, inclusive of health and post-retirement medical benefit costs, are recorded by the Treasury. For the fiscal year ended June 30, 2022, the Authority's payroll was \$493,545. Please refer to State website [www.state.nj.us](http://www.state.nj.us) for more information regarding the plan.

### J. CONTRIBUTED SERVICES AND FACILITIES

For the year ended June 30, 2022, the Authority received donated services from the State of \$301,309 for administrative support (see Note E) and \$446,077 for occupancy and equipment costs (see Note D).

### K. IMPACTS OF CORONAVIRUS PANDEMIC

During fiscal year 2021, the organization received \$467,553 in federal ARP funding from the Corporation for Public Broadcasting. \$333,777 of the ARP funds received was allocated to PMNJ in fiscal year 2022. The remaining ARP funds were used on infrastructure repair and equipment replacement in 2021.

On January 30, 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken worldwide to help mitigate the coronavirus spread include restrictions on travel, quarantines in certain areas and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it has had an adverse impact on many countries' economies and financial markets, including the geographical area in which the Authority operates. Other than minor impacts over revenue collection in fiscal years 2020 and 2021, the Authority has not been fiscally impacted by the pandemic.

### L. ADOPTION OF GOVERNMENTAL ACCOUNTING STANDARDS (GASB) STATEMENTS

The GASB has issued Statement No. 87, "*Leases*." This statement is required to be adopted by the Authority for the year ended June 30, 2022. The adoption of this Statement had no effect on previously reported amounts (see Note F).

The GASB has issued Statement No. 89, "*Accounting for Interest Cost Incurred Before the End of a Construction Period*." This statement is required to be adopted by the Authority for the year ended June 30, 2022. The adoption of this Statement had no effect on previously reported amounts.

The GASB has issued Statement No. 93, "*Replacement of Interbank Offered Rates*." This statement is required to be adopted by the Authority for the year ended June 30, 2022. The adoption of this Statement had no effect on previously reported amounts.

## NEW JERSEY PUBLIC BROADCASTING AUTHORITY

### NOTES TO FINANCIAL STATEMENTS

---

#### L. ADOPTION OF GOVERNMENTAL ACCOUNTING STANDARDS (GASB) STATEMENTS (CONTINUED)

The GASB has issued Statement No. 97, "*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.*" This statement is required to be adopted by the Authority for the year ended June 30, 2022. The adoption of this Statement had no effect on previously reported amounts.

The GASB has issued Statement No. 98, "*The Annual Comprehensive Financial Report.*" This statement is required to be adopted by the Authority for the year ended June 30, 2022. The adoption of this Statement had no effect on previously reported amounts.

The GASB has issued Statement No. 99, "*Omnibus 2022.*" Certain provisions of this Statement are required to be adopted by the Authority for the year ended June 30, 2022. The adoption of these provisions had no effect on previously reported amounts.

#### M. PENDING GOVERNMENTAL ACCOUNTING STANDARDS (GASB) STATEMENTS

The GASB has issued Statement No. 91, "*Conduit Debt Obligations.*" This statement is required to be adopted by the Authority for the year ending June 30, 2023. The Authority has not determined the effect of Statement No. 91 on the financial statements.

The GASB has issued Statement No. 92, "*Omnibus 2020.*" This statement clarifies the effective date of Statement No. 87 and addresses other topics that are required to be adopted by the Authority for the year ending June 30, 2023. The Authority has not determined the effect of Statement No. 92 on the financial statements.

The GASB has issued Statement No. 94, "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements.*" This statement is required to be adopted by the Authority for the year ending June 30, 2023. The Authority has not determined the effect of Statement No. 94 on the financial statements.

The GASB has issued Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance.*" This statement postpones the effective dates of applicable pending Statements described above. The effective dates mentioned above are the applicable postponed dates as prescribed by Statement No. 95.

The GASB has issued Statement No. 96, "*Subscription-Based Information Technology Arrangements.*" This statement is required to be adopted by the Authority for the year ending June 30, 2023. The Authority has not determined the effect of Statement No. 96 on the financial statements.

The GASB has issued Statement No. 99, "*Omnibus 2022.*" Certain provisions of this Statement are required to be adopted by the Authority for the years ending June 30, 2023 and 2024. The Authority has not determined the effect of these provisions on the financial statements.

The GASB has issued Statement No. 100, "*Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62.*" This statement is required to be adopted by the Authority for the year ending June 30, 2024. The Authority has not determined the effect of Statement No. 100 on the financial statements.

**NEW JERSEY PUBLIC BROADCASTING AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

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**M. PENDING GOVERNMENTAL ACCOUNTING STANDARDS (GASB) STATEMENTS  
(CONTINUED)**

The GASB has issued Statement No. 101, "*Compensated Absences*." This statement is required to be adopted by the Authority for the year ending June 30, 2024. The Authority has not determined the effect of Statement No. 101 on the financial statements.

## **SUPPLEMENTARY INFORMATION**



# NEW JERSEY PUBLIC BROADCASTING AUTHORITY

## SCHEDULE OF FUNCTIONAL EXPENSES Year Ended June 30, 2022

	Programming and Production	Broadcasting	General and Administration	Total
Salaries and wages	\$ -	\$ 226,267	\$ 281,915	\$ 508,182
Benefits and payroll taxes (in-kind)	-	165,720	135,589	301,309
Vehicles/utilities	-	256,956	-	256,956
Telephone/postage/office	-	1,427	140,411	141,838
Occupancy (in-kind)	-	320,789	125,288	446,077
Information systems/OTIS	-	42,722	19,564	62,286
Professional services	-	601,413	69,116	670,529
Programming and operating services	6,622,929	-	-	6,622,929
Maintenance, grounds and equipment	-	378,791	-	378,791
Trust fund capital disbursements	-	704	-	704
Prior year fixed asset adjustments	-	(18,203)	-	(18,203)
Bad debt	-	409	-	409
Depreciation	-	365,125	-	365,125
Totals	<u>\$ 6,622,929</u>	<u>\$ 2,342,120</u>	<u>\$ 771,883</u>	<u>\$ 9,736,932</u>

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of the  
New Jersey Public Broadcasting Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the New Jersey Public Broadcasting Authority (the "Authority") as of and for the year ended June 30, 2022, and the related notes to financial statements, which comprise the Authority's basic financial statements, and have issued our report thereon dated December 20, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (CONTINUED)**

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Meradian, P.C.*

*Certified Public Accountants*

December 20, 2022

**NEW JERSEY PUBLIC BROADCASTING AUTHORITY**

**SCHEDULE OF CURRENT YEAR FINDINGS AND RECOMMENDATIONS**

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None reported.

**NEW JERSEY PUBLIC BROADCASTING AUTHORITY**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

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None reported.



My NJ. My PBS.

**PUBLIC MEDIA NJ, INC.**

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

**YEARS ENDED JUNE 30, 2022 AND 2021**

**PUBLIC MEDIA NJ, INC.**  
**FINANCIAL STATEMENTS**  
**(Together with Independent Auditors' Report)**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

**CONTENTS**

	<b><u>Page</u></b>
Independent Auditors' Report.....	1-2
<b>Financial Statements:</b>	
Statements of Financial Position .....	3
Statements of Activities.....	4
Statements of Functional Expenses .....	5
Statements of Cash Flows .....	6
Notes to Financial Statements .....	7-12



## INDEPENDENT AUDITORS' REPORT

The Board of Trustees of Public Media NJ, Inc.

### ***Opinion***

We have audited the financial statements of Public Media NJ, Inc. ("PMNJ"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PMNJ as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of PMNJ and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Report on the 2021 Financial Statements***

The financial statements of PMNJ, as of and for the year ended June 30, 2021, were audited by Marks Paneth LLP, whose report dated December 2, 2021, expressed an unmodified opinion on those statements.

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about PMNJ's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.





In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 PMNJ's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about PMNJ's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Mayer Hoffman McCann CPAs*

New York, NY  
December 8, 2022

**PUBLIC MEDIA NJ, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Cash and cash equivalents (Notes 2C and 11)	\$ 3,299,054	\$ 3,265,410
Accounts receivable (Note 2J)	969,916	308,214
Grants and gifts receivable - net (Notes 2H and 2I)	1,434,356	901,815
Costs incurred for programs not yet telecast (Note 2K)	68,939	-
Prepaid expenses and other assets	40,431	48,902
Investments (Notes 2D and 4)	4,001,159	4,815,172
Property and equipment, net (Notes 2E and 5)	3,474,666	3,803,533
<b>TOTAL ASSETS</b>	<b>\$ 13,288,521</b>	<b>\$ 13,143,046</b>
 <b>LIABILITIES</b>		
Accounts payable and accrued expenses (Note 2G)	\$ 1,029,425	\$ 887,965
Due to controlling entity (Note 7)	740,909	780,985
<b>TOTAL LIABILITIES</b>	<b>1,770,334</b>	<b>1,668,950</b>
 <b>COMMITMENTS AND CONTINGENCIES</b> (Note 10)		
<b>NET ASSETS</b> (Notes 2B and 8)		
Without donor restrictions	7,619,726	7,403,701
With donor restrictions	3,898,461	4,070,395
<b>TOTAL NET ASSETS</b>	<b>11,518,187</b>	<b>11,474,096</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 13,288,521</b>	<b>\$ 13,143,046</b>

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

**PUBLIC MEDIA NJ, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	For the Year Ended June 30, 2022			For the Year Ended June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total 2022	Without Donor Restrictions	With Donor Restrictions	Total 2021
<b>REVENUE AND OTHER SUPPORT:</b>						
Contributions and underwriting for designated projects (Notes 2H and 6)	\$ 2,219,028	\$ 4,138,619	\$ 6,357,647	\$ 2,324,041	\$ 1,899,566	\$ 4,223,607
Programming and service fees (Notes 1 and 2I)	5,131,640	-	5,131,640	4,972,217	-	4,972,217
Other income (Notes 4 and 6)	654,458	-	654,458	889,954	-	889,954
<b>Sub-total of revenue and other support</b>	<u>8,005,126</u>	<u>4,138,619</u>	<u>12,143,745</u>	<u>8,186,212</u>	<u>1,899,566</u>	<u>10,085,778</u>
Net assets released from restrictions:						
Underwriting for designated projects (Note 2H)	4,310,553	(4,310,553)	-	3,912,284	(3,912,284)	-
Total net assets released from restrictions	<u>4,310,553</u>	<u>(4,310,553)</u>	<u>-</u>	<u>3,912,284</u>	<u>(3,912,284)</u>	<u>-</u>
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	<u>12,315,679</u>	<u>(171,934)</u>	<u>12,143,745</u>	<u>12,098,496</u>	<u>(2,012,718)</u>	<u>10,085,778</u>
<b>EXPENSES (Note 2M):</b>						
Program services:						
Programming	9,282,151	-	9,282,151	6,933,735	-	6,933,735
Broadcast station	459,027	-	459,027	508,578	-	508,578
Education	1,668	-	1,668	5,033	-	5,033
<b>Total program services</b>	<u>9,742,846</u>	<u>-</u>	<u>9,742,846</u>	<u>7,447,346</u>	<u>-</u>	<u>7,447,346</u>
Supporting services:						
Fundraising:						
Membership and development	1,339,983	-	1,339,983	1,246,326	-	1,246,326
<b>Total fundraising</b>	<u>1,339,983</u>	<u>-</u>	<u>1,339,983</u>	<u>1,246,326</u>	<u>-</u>	<u>1,246,326</u>
Management and administration	1,016,825	-	1,016,825	1,159,847	-	1,159,847
<b>Total supporting services</b>	<u>2,356,808</u>	<u>-</u>	<u>2,356,808</u>	<u>2,406,173</u>	<u>-</u>	<u>2,406,173</u>
<b>TOTAL EXPENSES</b>	<u>12,099,654</u>	<u>-</u>	<u>12,099,654</u>	<u>9,853,519</u>	<u>-</u>	<u>9,853,519</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	216,025	(171,934)	44,091	2,244,977	(2,012,718)	232,259
<b>NON-OPERATING ACTIVITY:</b>						
Board designated contributions (Notes 2B and 2L)	-	-	-	106,405	-	106,405
<b>CHANGE IN NET ASSETS</b>	216,025	(171,934)	44,091	2,351,382	(2,012,718)	338,664
<b>Net Assets - Beginning of Year</b>	<u>7,403,701</u>	<u>4,070,395</u>	<u>11,474,096</u>	<u>5,052,319</u>	<u>6,083,113</u>	<u>11,135,432</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 7,619,726</u>	<u>\$ 3,898,461</u>	<u>\$ 11,518,187</u>	<u>\$ 7,403,701</u>	<u>\$ 4,070,395</u>	<u>\$ 11,474,096</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, 2022 AND 2021**

	For the Year Ended June 30, 2022					For the Year Ended June 30, 2021				
	Program Services	Supporting Services			Total 2022	Program Services	Supporting Services			Total 2021
		Fundraising	Management and Administration	Total Supporting Services			Fundraising	Management and Administration		
Salaries and wages	\$ 4,152,569	\$ 490,736	\$ 41,924	\$ 532,660	\$ 4,685,229	\$ 3,312,869	\$ 429,755	\$ 234,358	\$ 3,976,982	
Benefits and payroll taxes (Note 9)	984,689	104,762	10,334	115,096	1,099,785	817,589	91,881	59,701	969,171	
Dues and PBS assessments	848,789	2,005	661	2,666	851,455	811,265	2,480	66	813,811	
Program production and acquisition costs	1,760,561	176,255	68,335	244,590	2,005,151	1,057,597	195,642	26,612	1,279,851	
Accounting and legal fees	-	-	84,157	84,157	84,157	-	-	80,756	80,756	
Management fee (Note 7)	-	-	800,000	800,000	800,000	-	-	750,000	750,000	
Supplies and premiums	4,844	198,515	-	198,515	203,359	717	219,039	-	219,756	
Telephone and transmission	280,072	61,217	-	61,217	341,289	192,915	49,720	-	242,635	
Postage, delivery and fulfillment	12,649	82,323	56	82,379	95,028	25,141	68,542	-	93,683	
Rent (Note 10B)	526,845	-	-	-	526,845	525,479	-	-	525,479	
Occupancy, utilities and facility maintenance	138,050	24,525	-	24,525	162,575	93,676	22,834	-	116,510	
Equipment rentals, purchases and maintenance	52,998	276	2,379	2,655	55,653	46,290	229	-	46,519	
Printing and publications	6,038	106,560	-	106,560	112,598	-	86,434	-	86,434	
Travel and business	132,960	5,865	611	6,476	139,436	74,759	2,329	-	77,088	
Depreciation and amortization (Note 5)	612,658	-	-	-	612,658	340,312	-	-	340,312	
Advertising and promotion (Note 2O)	182,979	8,050	-	8,050	191,029	136,923	7,528	-	144,451	
Merchant processing fees	-	78,894	-	78,894	78,894	-	69,913	-	69,913	
Miscellaneous expenses	46,145	-	8,368	8,368	54,513	11,814	-	8,354	20,168	
<b>TOTAL EXPENSES</b>	<b>\$ 9,742,846</b>	<b>\$ 1,339,983</b>	<b>\$ 1,016,825</b>	<b>\$ 2,356,808</b>	<b>\$ 12,099,654</b>	<b>\$ 7,447,346</b>	<b>\$ 1,246,326</b>	<b>\$ 1,159,847</b>	<b>\$ 9,853,519</b>	

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, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 44,091	\$ 338,664
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	612,658	340,312
Loss on disposal of property and equipment	45,499	11,767
Realized and unrealized loss on investments	291,432	30,626
Subtotal	993,680	721,369
Changes in operating assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(661,702)	209,630
Grants and gifts receivable	(532,541)	58,782
Costs incurred for programs not yet telecast	(68,939)	4,357
Prepaid expenses and other assets	8,471	(2,241)
(Decrease) increase in liabilities:		
Accounts payable and accrued expenses	141,460	(169,982)
Due to controlling entity	(40,076)	518,628
<b>Net Cash (Used in) Provided by Operating Activities</b>	<b>(159,647)</b>	<b>1,340,543</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(329,290)	(2,264,609)
Proceeds from sales of investments	4,522,397	1,100,081
Purchase of investments and reinvested income	(3,999,816)	(78,945)
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>193,291</b>	<b>(1,243,473)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>33,644</b>	<b>97,070</b>
Cash and cash equivalents - beginning of year	3,265,410	3,168,340
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 3,299,054</b>	<b>\$ 3,265,410</b>

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

**PUBLIC MEDIA NJ, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**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 expanded the facility with the support of a state grant to further enhance its programming capabilities and accommodate its growing news team.

**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, 2022 AND 2021**

**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, 2022 and 2021.
- 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, 2022 and 2021, such deferrals amounted to \$208,209 and \$195,299, 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, 2022 and 2021, 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.

**PUBLIC MEDIA NJ, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**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, 2022, and 2021, an allowance for doubtful accounts of \$50,000 was deemed necessary for grants and gifts receivable. As of June 30, 2022 and 2021, 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. Unconditional bequests and planned gifts received from donors in excess of \$500,000 are recognized as non-operating activities and support. In addition, all of the unrestricted planned gifts received in a fiscal year can be recognized as non-operating support at the discretion of a committee of the board of trustees.
- 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 \$191,029 and \$144,451 for the years ended June 30, 2022 and 2021, respectively.

**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, 2022 AND 2021**

**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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 3,299,054	\$ 3,265,410
Accounts receivable	969,916	308,214
Grants and gifts receivable, net	1,434,356	901,815
Investments	<u>1,951,159</u>	<u>2,373,502</u>
	7,654,485	6,848,941
Less: Donor restricted fund in perpetuity	<u>(50,000)</u>	<u>(50,000)</u>
	<u>\$ 7,604,485</u>	<u>\$ 6,798,941</u>

**NOTE 4—INVESTMENTS**

Investments consist of United States Treasury Bills with yield to maturity ranging from 2.411% to 2.779%. It also includes a short asset fund in 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>2022</u>	<u>2021</u>
Interest and dividends	\$ 57,770	\$ 78,945
Realized and unrealized loss	<u>(291,432)</u>	<u>(30,626)</u>
	<u>\$ (233,662)</u>	<u>\$ 48,319</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>2022</u>	<u>2021</u>
Leasehold improvements	\$ 2,924,527	\$ 2,923,397
Furniture and fixtures	155,379	151,009
Computer equipment	386,593	342,529
Production and other equipment	3,591,865	3,512,507
Construction in progress	<u>35,225</u>	<u>3,955</u>
Total cost	7,093,589	6,933,397
Less: Accumulated depreciation and amortization	<u>(3,618,923)</u>	<u>(3,129,864)</u>
Net book value	<u>\$ 3,474,666</u>	<u>\$ 3,803,533</u>

As of June 30, 2022, construction in progress consists of minor additions with an estimated cost to complete of approximately \$50,000.

Depreciation and amortization expense for the years ended June 30, 2022 and 2021 amounted to \$612,658 and \$340,312, respectively. During the year ended June 30, 2022, certain property and equipment with a total cost of \$169,098 and accumulated depreciation of \$123,599 were written off resulting in a loss of \$45,499. For 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.

**PUBLIC MEDIA NJ, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**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 a 3% increase upon renewal in accordance with the terms of the agreement. PMNJ recognized \$856,123 and \$831,188 in retransmission fees as other income for the years ended June 30, 2022 and 2021, respectively. In addition, \$285,374 and \$277,062 in promotional spots was recognized and released from donor restriction for the years ended June 30, 2022 and 2021, 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 \$740,909 and \$780,985 as of June 30, 2022 and 2021, respectively.

**NOTE 8—NET ASSETS WITH DONOR RESTRICTIONS**

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

	<u>2022</u>	<u>2021</u>
Program activities	\$ 1,798,461	\$ 1,578,725
Capital project, primarily for equipment, studio and newsroom facility	2,050,000	2,441,670
Endowment	50,000	50,000
	<u>\$ 3,898,461</u>	<u>\$ 4,070,395</u>

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, 2022, and 2021, 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, 2022 and 2021, amounted to \$64,251 and \$65,010, respectively.

**PUBLIC MEDIA NJ, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**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, 2022 and 2021 in accordance with Financial Accounting Standards Board 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 for the years ended June 30, 2022 and 2021 amounted to \$491,924, respectively.

For the years ending after June 30, 2022, the future minimum rental payments from this real estate lease follows:

2023	\$	503,067
2024		503,067
2025		503,067
2026		503,067
2027		520,248
Thereafter		<u>1,406,114</u>
		<u>\$ 3,938,630</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 \$3,061,000 and \$3,015,000 as of June 30, 2022 and 2021, 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 8, 2022, the date the financial statements were available to be issued.