

ETV Endowment of South Carolina, Inc.

Financial Statements and Supplemental Schedules as
of June 30, 2020 and 2019 and for the Years Then
Ended and Independent Auditors' Report

ETV ENDOWMENT OF SOUTH CAROLINA, INC.

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June 30, 2020 and 2019

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Independent Auditors' Report

Board of Trustees
ETV Endowment of South Carolina, Inc.
Spartanburg, South Carolina

Report on Financial Statements

We have audited the accompanying financial statements of ETV Endowment of South Carolina, Inc. which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 ETV Endowment of South Carolina, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of net assets with donor restrictions are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Dixon Hughes Goodman LLP

**Greenville, South Carolina
November 2, 2020**

ETV ENDOWMENT OF SOUTH CAROLINA, INC.

Statements of Financial Position

June 30, 2020 and 2019

<u>Assets</u>	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 200,539	\$ 211,242
Money market funds	1,272,132	1,692,979
Total cash and cash equivalents	1,472,671	1,904,221
Receivables:		
Grants, net	-	32,045
Contributions, net	381,282	348,588
Other, net	114,152	266,505
Other current assets	84,387	182,928
Investments	26,207,548	24,095,696
Equipment, net of accumulated depreciation of \$171,994 in 2020 and \$183,133 in 2019	103,408	108,671
Land rights, net of accumulated amortization of \$404,200 in 2020 and \$388,032 in 2019	242,537	258,705
Total assets	\$ 28,605,985	\$ 27,197,359
 <u>Liabilities and Net Assets</u>		
Accounts payable and accrued expenses	\$ 287,502	\$ 310,538
Due to South Carolina ETV Commission	184,206	435,050
Due to South Carolina Educational Communications, Inc.	346,655	314,076
Reimbursable project expenses due to South Carolina Educational Communications, Inc.	61,785	19,436
Deferred revenue	41,852	209,420
Total liabilities	922,000	1,288,520
Net assets without donor restrictions:		
Without designations	1,009,219	1,072,619
Board designated for endowment	19,996,447	19,435,897
Board designated for production	311,400	311,400
Board designated for South Carolina ETV Commission	710,675	710,675
Total net assets without donor restrictions	22,027,741	21,530,591
Net assets with donor restrictions	5,656,244	4,378,248
Total net assets	27,683,985	25,908,839
Total liabilities and net assets	\$ 28,605,985	\$ 27,197,359

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

ETV ENDOWMENT OF SOUTH CAROLINA, INC.

Statement of Activities

For the Year Ended June 30, 2020

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Operating revenue and other support:			
Memberships	\$ 6,445,972	\$ -	\$ 6,445,972
Grants and contributions	-	2,228,566	2,228,566
Friends of the Endowment events	369,129	-	369,129
In-kind revenue	426,127	-	426,127
Contributions	172,236	-	172,236
Matching contributions	37,736	-	37,736
Underwriting	836,041	-	836,041
Investment income, net	630,513	-	630,513
Net assets released from restrictions	950,570	(950,570)	-
Total operating revenue and other support	<u>9,868,324</u>	<u>1,277,996</u>	<u>11,146,320</u>
Operating expenses:			
Support provided on behalf of South Carolina ETV Commission			
Program production	5,391,834	-	5,391,834
Underwriting	836,041	-	836,041
<u>SCENE</u> publication	149,264	-	149,264
Advertising and professional fees	434,152	-	434,152
Program development	180,285	-	180,285
Facilities expense	1,692	-	1,692
Contractual services	147,637	-	147,637
Internships	15,843	-	15,843
Miscellaneous	19,812	-	19,812
Friends of the Endowment events	281,223	-	281,223
General and administrative	800,509	-	800,509
Member benefits	365,664	-	365,664
Fundraising	747,218	-	747,218
Total operating expenses	<u>9,371,174</u>	<u>-</u>	<u>9,371,174</u>
Change in net assets	497,150	1,277,996	1,775,146
Net assets, beginning of year	21,530,591	4,378,248	25,908,839
Net assets, end of year	<u>\$ 22,027,741</u>	<u>\$ 5,656,244</u>	<u>\$ 27,683,985</u>

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

ETV ENDOWMENT OF SOUTH CAROLINA, INC.

Statement of Activities

For the Year Ended June 30, 2019

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Operating revenue and other support:			
Memberships	\$ 6,025,376	\$ -	\$ 6,025,376
Grants and contributions	-	816,062	816,062
Friends of the Endowment events	140,130	-	140,130
In-kind revenue	111,142	-	111,142
Contributions	178,733	-	178,733
Matching contributions	44,388	-	44,388
Underwriting	855,757	-	855,757
Investment income, net	1,213,539	-	1,213,539
Net assets released from restrictions	488,196	(488,196)	-
Total operating revenue and other support	<u>9,057,261</u>	<u>327,866</u>	<u>9,385,127</u>
Operating expenses:			
Support provided on behalf of South Carolina ETV Commission			
Program production	4,833,728	-	4,833,728
Underwriting	855,757	-	855,757
<u>SCENE</u> publication	138,000	-	138,000
Advertising and professional fees	122,167	-	122,167
Program development	99,565	-	99,565
Facilities expense	1,200	-	1,200
Contractual services	149,687	-	149,687
Internships	24,366	-	24,366
Miscellaneous	40,614	-	40,614
Friends of the Endowment events	108,127	-	108,127
General and administrative	619,048	-	619,048
Member benefits	354,795	-	354,795
Fundraising	737,480	-	737,480
Total operating expenses	<u>8,084,534</u>	<u>-</u>	<u>8,084,534</u>
Change in net assets	972,727	327,866	1,300,593
Net assets, beginning of year	20,557,864	4,050,382	24,608,246
Net assets, end of year	<u>\$ 21,530,591</u>	<u>\$ 4,378,248</u>	<u>\$ 25,908,839</u>

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

ETV ENDOWMENT OF SOUTH CAROLINA, INC.

Statements of Functional Expenses

For the Years Ended June 30, 2020 and 2019

	2020			
	Program Support	Management and General	Fundraising	Total
Program purchase	\$ 3,691,084	\$ -	\$ -	\$ 3,691,084
Program development and promotion	948,684	-	-	948,684
Program production	948,878	-	-	948,878
Underwriting	836,042	-	-	836,042
Donor engagement and stewardship	290,627	-	-	290,627
Friends of Endowment events	281,223	-	-	281,223
Salaries and benefits	526,563	534,175	-	1,060,738
Office expenses	34,510	37,383	-	71,893
Professional services	43,245	9,763	-	53,008
Travel	5,738	6,216	-	11,954
Depreciation/Amortization	5,486	22,112	-	27,598
Other	136,329	190,861	-	327,190
Printing and postage	75,037	-	580,966	656,003
Fundraising	-	-	166,252	166,252
Total Expenses	\$ 7,823,446	\$ 800,510	\$ 747,218	\$ 9,371,174

	2019			
	Program Support	Management and General	Fundraising	Total
Program purchase	\$ 3,605,678	\$ -	\$ -	\$ 3,605,678
Program development and promotion	575,598	-	-	575,598
Program production	486,996	-	-	486,996
Underwriting	855,757	-	-	855,757
Donor engagement and stewardship	284,126	-	-	284,126
Friends of Endowment events	108,127	-	-	108,127
Salaries and benefits	488,497	472,300	-	960,797
Office expenses	34,704	37,598	-	72,302
Professional services	74,319	9,490	-	83,809
Travel	9,078	9,833	-	18,911
Depreciation/Amortization	4,010	20,512	-	24,522
Other	130,447	69,315	-	199,762
Printing and postage	70,669	-	557,993	628,662
Fundraising	-	-	179,487	179,487
Total Expenses	\$ 6,728,006	\$ 619,048	\$ 737,480	\$ 8,084,534

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

ETV ENDOWMENT OF SOUTH CAROLINA, INC.

Statements of Cash Flows

For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,775,146	\$ 1,300,593
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	11,430	8,354
Amortization	16,168	16,168
Realized and unrealized gains on investments	(35,133)	(218,338)
Contributed securities	(287,377)	(71,308)
Changes in operating assets and liabilities:		
Receivables	151,704	(28,512)
Other current assets	98,541	(129,264)
Accounts payable and accrued expenses	(23,036)	53,958
Due to South Carolina ETV Commission	(250,844)	50,209
Due to South Carolina Educational Communications, Inc.	32,579	(27,378)
Reimbursable project expenses	42,349	(4,414)
Deferred revenue	(167,568)	120,443
Net cash provided by operating activities	<u>1,363,959</u>	<u>1,070,511</u>
Cash flows from investing activities:		
Purchases of investments	(6,521,094)	(7,163,935)
Sales of investments	4,731,752	6,166,005
Purchases of equipment	(6,167)	(25,959)
Net cash used in investing activities	<u>(1,795,509)</u>	<u>(1,023,889)</u>
(Decrease) increase in cash and cash equivalents	(431,550)	46,622
Cash and cash equivalents, beginning of year	<u>1,904,221</u>	<u>1,857,599</u>
Cash and cash equivalents, end of year	<u>\$ 1,472,671</u>	<u>\$ 1,904,221</u>

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

ETV ENDOWMENT OF SOUTH CAROLINA, INC.

Notes to Financial Statements

June 30, 2020 and 2019

1. **Organization and Significant Accounting Policies**

General - The ETV Endowment of South Carolina, Inc. (the “Organization”) was founded in 1977 to promote educational public broadcasting in South Carolina. The Organization provides funding for the television and radio programs broadcast on South Carolina ETV Commission, South Carolina Public Radio and other public media stations. Its primary source of revenues is from memberships and grants. Membership contributions are received primarily from individuals and corporations located in the area served by the South Carolina ETV Commission (the “Commission”). The Organization's activities are overseen by a self-perpetuating, independent Board of Trustees.

South Carolina Educational Communications, Inc. (“Communications”) supports and promotes South Carolina educational public media activities, including the development and use of all communications media for educational purposes and for support of the performing arts. The activities of Communications have been established in order to assist and further the purposes of the Organization, as well as engage in entrepreneurial activities. Communications’ activities are overseen by a self-perpetuating, independent Board of Directors. The Organization provides substantial support to Communications; however, the Organization does not control Communications. Therefore, Communications is not included in the financial statements of the Organization. During the years ended June 30, 2020 and 2019, the Organization paid approximately \$728,000 and \$472,000, respectively, for program production costs to Communications.

Basis of Presentation - The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net assets are grouped into the following two classes:

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

Net Assets with Donor Restrictions - Net assets whose use by the Organization is subject to donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Gifts received by the Organization in which the net asset classification is uncertain or has not been determined by the donor at the time of the gift are subsequently reclassified to the appropriate net asset category based on the clarification of the donor intent.

Expenses are reported as decreases in net assets. When a donor restriction expires, 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.

Donated Assets - Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation. The Organization was awarded a Google AdWords grant for in-kind advertising on Google searches. Revenue is recognized based on the market value of “cost per click” as calculated by Google. During the years ended June 30, 2020 and 2019, the Organization recognized \$397,027 and \$82,042 respectively.

Grants - The Organization records all grants as net assets with donor restrictions until the restrictions of the grant have been met; at that time the amounts are reclassified to net assets without donor restrictions. There are no conditional contributions at June 30, 2020 and 2019. Grants are generally for use in the production of programs and are primarily received from foundations, corporations and governmental entities. Certain grants are subject to review and audit.

Membership and Contribution Revenues - The Organization records unconditional promises to give as receivables and revenues within the appropriate net assets category. Revenues are considered to be available for use unless specifically restricted by the donor. Contributions that are expected to be collected within one year are recorded at net realizable value. Contributions that are expected to be collected in future years are recorded at fair value at the date of the promise, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is recorded as contribution revenue in accordance with donor restrictions on the contributions. An allowance for uncollectible contributions receivable is determined based on management’s evaluation of the collectability of individual promises.

Cash and Cash Equivalents - Cash and cash equivalents consist of all highly liquid investments with a maturity of three months or less when purchased. Short-term investments that are considered cash equivalents include repurchase agreements collateralized by U.S. Government obligations that have original maturities of three months or less. These short-term investments are valued at fair market value.

Investments - Investments in equity securities, exchange traded funds and mutual funds are stated at fair market value; investments in certificates of deposit are stated at cost. Realized and unrealized gains and losses are reflected in the statements of activities in investment income, net. Income and gains and losses on investments are reported as increases and decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

The Board of Trustees designated \$13,253,616 of net assets without donor restrictions as board-designated endowment funds. Only a portion of the Organization's cumulative investment return on the board-designated funds will support current operations. The remainder is retained to support operations of future years and to offset potential market declines. The Organization's board-designated endowment spending rate is not to exceed 5% in any given year. The Organization did not spend any of the investment earnings in the year ended June 30, 2020. During the year ended June 30, 2019, the Organization spent approximately \$435,000 of the investment earnings on the endowment funds.

Equipment - Expenditures for equipment are capitalized at cost if the cost is in excess of \$1,000. Donated assets are capitalized at fair market value on the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, ranging from three to 15 years. Upon disposition of the property and equipment, the cost and related accumulated depreciation are removed from the accounts, and the resulting gains or losses are reflected in the statements of activities. Repairs and maintenance costs are charged to operating expenses.

Fundraising - Costs of special fundraising events are recorded as expenses in fundraising expenses and the related revenues, if any, are included as memberships, contributions, or Friends of the Endowment in the statements of activities.

Concentrations of Credit Risk - The Organization maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts.

Tax Status - The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. The Organization determined that there are no material unrecognized tax benefits or obligations as of June 30, 2020 and 2019.

Functional Expenses - The cost of providing various programs and supporting services has been reported on a functional basis in the statements of activities. Costs directly attributable to program initiatives are recorded as such. Certain other costs have been allocated to the program initiatives and supporting services based on allowable methods used by management.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. **Investments**

Investments held as of June 30 are as follows:

	<u>2020</u>	<u>2019</u>
Certificates of deposit	\$ 4,563,804	\$ 4,518,635
Cash and cash equivalents	635,939	100,066
Equity securities and mutual funds	17,727,349	16,390,235
Exchange traded funds	3,280,456	3,086,760
	<u>\$ 26,207,548</u>	<u>\$ 24,095,696</u>

Investment income and gains and losses for all investments of the Organization are comprised of the following for the years ending June 30:

	<u>2020</u>	<u>2019</u>
Investment interest and dividend income, net	\$ 595,380	\$ 995,201
Realized and unrealized gains	35,133	218,338
	<u>\$ 630,513</u>	<u>\$ 1,213,539</u>

Interest and dividend income is reported net of custodial and investment management fees approximating \$57,000 and \$53,000 for the years ended June 30, 2020 and 2019, respectively.

3. **Fair Value Disclosures**

Fair value as defined under generally accepted accounting principles is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Organization utilizes market data or assumptions that market participants would use in pricing the asset or liability. The Organization has characterized its financial assets and liabilities, which are measured at fair value and recorded in the statements of financial position, based on a three-level fair value hierarchy based on the inputs to valuation techniques as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at measurement date.

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that

are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020 and 2019.

Equity securities

These investments are valued at the closing price reported on the active market on which the individual securities are traded. These are classified within Level 1 of the valuation hierarchy.

Mutual funds and exchange traded funds

These investments are public investment vehicles valued using the Net Asset Value (NAV) provided by the administrator of the fund. The NAV is based on the value of the underlining assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market and classified within Level 1 of the valuation hierarchy.

The following table sets forth by level the fair value hierarchy of the Organization's assets accounted for at fair value on a recurring basis as of June 30, 2020 and 2019:

	Fair value at June 30, 2020	Fair value measurements at June 30, 2020 using:		
		Quoted prices in active markets for identical assets and liabilities (Level 1 inputs)	Quoted prices for similar assets and liabilities (Level 2 inputs)	Significant unobservable inputs (Level 3 inputs)
<u>Assets measured at fair value:</u>				
Equity securities and mutual funds:				
Equity Securities:				
Consumer discretionary	\$ 355,600	\$ 355,600	\$ -	\$ -
Consumer staples	225,386	225,386	-	-
Energy	87,272	87,272	-	-
Financials	520,095	520,095	-	-
Healthcare	415,878	415,878	-	-
Industrials	253,412	253,412	-	-
Information technology	659,743	659,743	-	-
Materials	19,239	19,239	-	-
Telecommunications	492,713	492,713	-	-
Utilities	69,369	69,369	-	-
Other	40,039	40,039	-	-
Total equity securities	<u>3,138,746</u>	<u>3,138,746</u>	<u>-</u>	<u>-</u>
Mutual Funds:				
Multi-sector bond	7,053,868	7,053,868	-	-
Global multi-asset	1,763,578	1,763,578	-	-
International small/ mid value	2,765,963	2,765,963	-	-
International large value	1,263,850	1,263,850	-	-
Large cap blend	59,783	59,783	-	-
Mid-cap value	4,360	4,360	-	-
Mid-cap growth	1,009,739	1,009,739	-	-
Small-cap growth	667,462	667,462	-	-
Total mutual funds	<u>14,588,603</u>	<u>14,588,603</u>	<u>-</u>	<u>-</u>
Exchange traded funds	<u>3,280,456</u>	<u>3,280,456</u>	<u>-</u>	<u>-</u>
Total assets at fair value	<u>\$ 21,007,805</u>	<u>\$ 21,007,805</u>	<u>\$ -</u>	<u>\$ -</u>

	<u>Fair value measurements at June 30, 2019 using:</u>			
	<u>Fair value at June 30, 2019</u>	<u>Quoted prices in active markets for identical assets and liabilities (Level 1 inputs)</u>	<u>Quoted prices for similar assets and liabilities (Level 2 inputs)</u>	<u>Significant unobservable inputs (Level 3 inputs)</u>
<i><u>Assets measured at fair value:</u></i>				
Equity securities and mutual funds:				
Equity Securities:				
Consumer discretionary	\$ 323,312	\$ 323,312	\$ -	\$ -
Consumer staples	307,424	307,424	-	-
Energy	194,634	194,634	-	-
Financials	469,627	469,627	-	-
Healthcare	443,824	443,824	-	-
Industrials	259,568	259,568	-	-
Information technology	773,590	773,590	-	-
Materials	23,664	23,664	-	-
Telecommunications	94,687	94,687	-	-
Utilities	46,094	46,094	-	-
Other	82,867	82,867	-	-
Total equity securities	<u>3,019,291</u>	<u>3,019,291</u>	<u>-</u>	<u>-</u>
Mutual Funds:				
Multi-sector bond	5,825,414	5,825,414	-	-
Global multi-asset	1,869,693	1,869,693	-	-
International small/ mid value	2,599,790	2,599,790	-	-
International large value	1,317,756	1,317,756	-	-
Large cap blend	54,820	54,820	-	-
Mid-cap value	4,099	4,099	-	-
Mid-cap growth	916,564	916,564	-	-
Small-cap growth	782,808	782,808	-	-
Total mutual funds	<u>13,370,944</u>	<u>13,370,944</u>	<u>-</u>	<u>-</u>
Exchange traded funds	<u>3,086,760</u>	<u>3,086,760</u>	<u>-</u>	<u>-</u>
Total assets at fair value	<u>\$ 19,476,995</u>	<u>\$ 19,476,995</u>	<u>\$ -</u>	<u>\$ -</u>

Investments, described in Note 2, are held at fair value and included in the tables above except certificates of deposit and cash and cash equivalents totaling \$5,199,743 and \$4,618,701 at June 30, 2020 and 2019, respectively. These investments are carried at cost.

4. **Memberships and Contributions Receivable**

Unconditional promises to give are included in the financial statements as contributions receivable and revenue of the appropriate net asset category. Pledge payments scheduled to be received after one year are discounted using Treasury Bill rates for similar term investments. The applicable rates at June 30, 2020 ranged from 0.1% to 3.0%, depending on the date the unconditional promise to give was expected to be received. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any.

Unconditional promises to give include the following at June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Currently due	\$ 28,545	\$ -	\$ 28,545
In one year or less	12,236	242,104	254,340
One year to five years	-	140,750	140,750
	<u>40,781</u>	<u>382,854</u>	<u>423,635</u>
Less discount	-	(16,259)	(16,259)
Less allowance for doubtful accounts	(19,108)	(6,986)	(26,094)
	<u>\$ 21,673</u>	<u>\$ 359,609</u>	<u>\$ 381,282</u>

Unconditional promises to give include the following at June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Currently due	\$ 38,529	\$ -	\$ 38,529
In one year or less	5,577	136,167	141,744
One year to five years	-	230,275	230,275
	<u>44,106</u>	<u>366,442</u>	<u>410,548</u>
Less discount	-	(25,208)	(25,208)
Less allowance for doubtful accounts	(25,759)	(10,993)	(36,752)
	<u>\$ 18,347</u>	<u>\$ 330,241</u>	<u>\$ 348,588</u>

5. **Land Rights**

The Organization has rights to parking revenue generated at the Commission's location. The value assigned to the land rights approximates the present value of estimated income to be generated over the life of the agreement. The land rights are amortized over a 40-year life, using the straight-line method. Revenues generated from the Organization's parking rights were \$110,500 and \$118,961 for the years ended June 30, 2020 and 2019, respectively. Amortization expense was \$16,168 for each of the years ended June 30, 2020 and 2019.

6. **Board-Designated Net Assets**

The Board of Trustees elected to set aside surplus underwriting revenues less program management fees as board-designated for use by the Commission in future years. These designated funds will continue to be maintained and invested by the Organization until such time as the Commission requests the funds.

In 2015, the Board of Trustees elected to set aside 25% of the annual balance of net surplus without donor restrictions, not including underwriting net surplus and board-designated endowment net surplus, for a local production fund. The funds will be used to support local, original productions.

7. **Net Assets with Donor Restrictions**

Net assets with donor restrictions are available for the following purposes at June 30:

	<u>2020</u>	<u>2019</u>
National television	\$ 913,427	\$ 336,075
National/local radio	206,899	211,107
Local television	3,815,910	3,101,655
Non-broadcast education	81,542	89,253
Capital campaign	638,466	640,158
	<u>\$ 5,656,244</u>	<u>\$ 4,378,248</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restriction purposes as follows for the years ended June 30:

	<u>2020</u>	<u>2019</u>
National television	\$ 530,633	\$ 190,580
National/local radio	43,067	115,046
Local television	333,963	106,017
Non-broadcast education	41,215	75,353
Capital campaign	1,692	1,200
	<u>\$ 950,570</u>	<u>\$ 488,196</u>

8. **Program Production**

Program production support provided to the Commission, excluding capital campaign, consists of the following for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Grant or donor restricted program expenses	\$ 948,878	\$ 486,996
Program expenses funded by the Organization	<u>4,442,956</u>	<u>4,346,732</u>
	<u>\$ 5,391,834</u>	<u>\$ 4,833,728</u>

9. **Retirement Plan**

The Organization participates in a Salary Reduction Savings Plan (the “Plan”) under Section 401(k) of the Internal Revenue Code. The Plan provides participants with the opportunity to make voluntary contributions within IRS limits. The Organization matches the participant contributions at a rate of 100% not to exceed 5% of total compensation. Employer matching contributions under the Plan were \$38,357 and \$33,327 for the years ended June 30, 2020 and 2019, respectively.

10. **Commitments**

The Organization leases office space under a non-cancelable operating lease, which was renewed by the Organization on April 17, 2015 for a period of seven years and expires on April 30, 2022. A portion of the lease expense is allocated to Communications on an annual basis. Lease expense totaled \$45,360 for the years ended June 30, 2020 and 2019. Allocated lease expense was \$5,040 for the years ended June 30, 2020 and 2019.

Future minimum lease payments for the office space under lease are as follows for the years June 30:

2021	\$ 50,400
2022	<u>42,000</u>
	<u>\$ 92,400</u>

11. **Board-Designated Endowment Funds**

The Organization’s endowment consists of board-designated endowment funds established by the Board of Trustees to support the operations of the Organization. There are no donor-restricted endowment funds at June 30, 2020 or 2019.

The Board of Trustees of the Organization has interpreted the “Uniform Prudent Management of Institutional Funds Act” (“UPMIFA”) as requiring the preservation of the original gift as of the gift date absent explicit donor stipulations to the contrary. Board-designated funds held by the Organization are classified as net assets without donor restrictions. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization
- (3) General economic conditions
- (4) The expected total return from income and the appreciation of investments
- (5) Other resources of the Organization
- (6) The investment policies of the Organization

Endowment net asset composition as of June 30, 2020 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board designated for endowment	\$ 19,996,447	\$ -	\$ 19,996,447

Endowment net asset composition as of June 30, 2019 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board designated for endowment	\$ 19,435,897	\$ -	\$ 19,435,897

Changes in board-designated endowment net assets for the years ended June 30 consists of:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2018	\$ 18,706,969	\$ -	\$ 18,706,969
Investment income	951,418	-	951,418
Net appreciation	<u>212,510</u>	<u>-</u>	<u>212,510</u>
Total investment gain	1,163,928	-	1,163,928
Appropriation	<u>(435,000)</u>	<u>-</u>	<u>(435,000)</u>
Endowment net assets, June 30, 2019	<u>\$ 19,435,897</u>	<u>\$ -</u>	<u>\$ 19,435,897</u>
Investment income	530,249	-	530,249
Net appreciation	<u>30,301</u>	<u>-</u>	<u>30,301</u>
Total investment gain	560,550	-	560,550
Appropriation	<u>-</u>	<u>-</u>	<u>-</u>
Endowment net assets, June 30, 2020	<u>\$ 19,996,447</u>	<u>\$ -</u>	<u>\$ 19,996,447</u>

Return Objectives and Risk Parameters - The Organization has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment. Under this policy, the return objective for the endowment assets, measured over a full market cycle, shall be to maximize the return against a blended index, based on the endowment's target allocation applied to the appropriate individual benchmarks.

Strategies Employed for Achieving Investment Objectives - To achieve its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

Endowment Spending Allocation and Relationship of Spending Policy to Investment Objectives - The Board of Trustees of the Organization determines the method to be used to appropriate endowment funds for expenditure. Only a portion of the cumulative investment return on the board-designated funds will support current operations. The remainder is retained to support operations of future years and offset potential market declines. The Organization's board-designated spending rate is not to exceed 5% in any given year. In establishing this policy, the Board considered the expected long-term rate of return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow annually, consistent with its intention to maintain the endowment assets as well as to provide additional growth through new gifts.

12. **Availability and Liquidity**

Financial assets at year end:	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,472,671	\$ 1,904,221
Contributions receivable (due within one year, net)	21,673	18,347
Investments and other unrestricted assets	<u>6,220,473</u>	<u>4,667,777</u>
Total financial assets	<u>7,714,817</u>	<u>6,590,345</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>5,656,244</u>	<u>4,378,248</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,058,573</u>	<u>\$ 2,212,097</u>

As part of the Organization's liquidity management plan, cash in excess of daily requirements is invested in short-term investments and money market funds. Additionally, the Board has designated certain other assets as board-designated endowment funds. These assets limited to use, which are more fully described in Notes 1 and 11, are not available for general expenditure within the next year and are not reflected in the amounts above. However, a portion of the board-designated amounts could be made available, if necessary.

13. **Contingencies**

In March 2020, the World Health Organization declared the outbreak of COVID-19, a novel strain of Coronavirus, a pandemic. The coronavirus outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of the outbreak on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on employees and vendors and governmental, regulatory and private sector responses. The financial statements do not reflect any adjustments as a result of the subsequent increase in economic uncertainty.

14. **Subsequent Events**

The Organization evaluated the effect subsequent events would have on the financial statements through November 2, 2020, which is the date the financial statements were available to be issued.

SUPPLEMENTAL SCHEDULES

ETV ENDOWMENT OF SOUTH CAROLINA, INC.

Schedules of Net Assets with Donor Restrictions

June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
National television		
<i>A Chef's Life</i> Season 5	\$ 6,603	\$ 6,603
<i>After Action</i>	42,000	-
<i>American Musical Theatre</i>	7,847	7,847
<i>Anne Morgan's War</i>	-	8,680
<i>Downing of a Flag</i>	404,365	-
<i>Expeditions with Patrick McMillan</i>	19,485	19,485
<i>Friends of A Chef's Life</i>	70	70
<i>Friends of American Musical Theatre</i>	3,586	3,586
<i>Friends of Live at the Charleston Music Hall</i>	1,000	-
<i>From Inside the Circle</i>	25,000	-
<i>Great Projects - Building of America</i>	17,925	17,925
<i>Great Projects - Orion</i>	30,819	30,819
<i>How She Rolls</i>	83,218	-
<i>Live at the Charleston Music Hall</i>	32,870	32,870
<i>Living Lightly on Earth</i>	125,000	125,000
<i>Man and Moment - Vietnam</i>	14,737	15,379
<i>Mary Celestia</i>	24,102	24,102
<i>National Production Fund</i>	6,128	6,128
<i>Reconnecting Roots</i>	8,166	10,978
<i>Reel South</i>	179	179
<i>South Carolina's Most Famous</i>	10,000	-
<i>Tales from the Vineyard</i>	2,250	2,250
<i>Touching the Sound</i>	8,770	-
<i>Work-Family Outreach</i>	7,075	7,073
<i>Yoga in Practice</i>	32,232	17,101
	913,427	336,075
 National/local radio		
<i>American Chamber Players Residency</i>	\$ 4,634	\$ 4,634
<i>Friends of Piano Jazz</i>	57,115	63,322
<i>Minute with Miles</i>	60,154	60,154
<i>Sonatas and Soundscapes</i>	1,000	-
<i>Song Travels</i>	18,958	18,958
<i>Spoletto Chamber Music II</i>	63,613	62,614
<i>Walter Edgar's Journal</i>	1,425	1,425
	206,899	211,107

See independent auditors' report

ETV ENDOWMENT OF SOUTH CAROLINA, INC.

Schedules of Net Assets with Donor Restrictions
(continued)

June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Local television		
Beaufort Auction	\$ 7,017	\$ 7,017
<i>Between the Waters</i>	3,428	3,928
<i>Bluegrass Express</i>	1,979	1,979
<i>Cecil Williams</i>	24,066	-
<i>Character in Custody</i>	14,544	-
<i>Charlie's Place</i>	-	1,008
<i>Georgia O'Keeffe: Exploring the Abstract</i>	35,575	35,575
<i>Good Medicine</i>	-	1,000
<i>Gullah Roots: Back to Sierra Leon</i>	6,771	-
Local Production Fund	2,458,596	1,977,629
<i>Make It Happen</i>	6,910	6,910
<i>Making It Grow</i>	170,748	217,677
<i>More Making It Grow</i>	2,961	2,961
<i>NatureScene Awards</i>	18,316	18,316
<i>NatureScene Production</i>	11,630	11,630
<i>One State, Many Voices Campaign</i>	976,082	747,437
<i>Preserving the Palmetto State</i>	2,460	2,460
<i>Sisterhood: South Carolina Suffragists</i>	7,200	-
<i>The Southern Campaign of the American Revolution</i>	17,447	17,447
WNSC (Rock Hill)	4,904	4,904
WRET (Spartanburg)	20,774	19,274
WRJA (Sumter)	24,502	24,503
	<hr/> 3,815,910	<hr/> 3,101,655
 Non-broadcast education		
<i>America's Test Kitchen Screening</i>	\$ 547	\$ 547
<i>Between the Waters Website</i>	-	8,000
Endowment's 40 th Anniversary	8,971	8,971
Input '19	-	234
Input '20	9,628	-
Interns - Shafto	45,781	45,781
John Crockett Memorial Internship	5,341	5,341
Reconstruction 360 Website	395	9,092
Reconstruction Events with Henry Louis Gates, Jr.	3,514	3,847
<i>The Great American Read Screenings</i>	-	75
<i>Tell Them We Are Rising Screenings</i>	7,365	7,365
	<hr/> 81,542	<hr/> 89,253

See independent auditors' report

ETV ENDOWMENT OF SOUTH CAROLINA, INC.

Schedules of Net Assets with Donor Restrictions
(continued)

June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Capital campaign		
Telecommunications Center	\$ 341,574	\$ 343,266
South Carolina Public Radio Studios	296,892	296,892
	<u>638,466</u>	<u>640,158</u>
	<u>\$ 5,656,244</u>	<u>\$ 4,378,248</u>

See independent auditors' report