ATLANTA EDUCATIONAL TELECOMMUNICATIONS COLLABORATIVE, INC.

FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017

with
INDEPENDENT AUDITORS' REPORT

ATLANTA EDUCATIONAL TELECOMMUNICATIONS COLLABORATIVE, INC.

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SMITH & HOWARD
Certified Public Accountants and Advisers

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Atlanta Educational Telecommunications Collaborative, Inc.

We have audited the accompanying financial statements of Atlanta Educational Telecommunications Collaborative, Inc. ("AETC") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements. We have also audited the statement of functional expenses for the year ended June 30, 2018.

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 audits to obtain reasonable assurance about whether the financial statements are free of 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 AETC'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 AETC'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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AETC as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Smith + Howard

January 14, 2019

ATLANTA EDUCATIONAL TELECOMMUNICATIONS COLLABORATIVE, INC.

Statements of Financial Position
June 30, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	$ 3,665,278	$ 3,003,391
Receivables	915,500	803,704
Investments	3,662,679	3,450,947
Prepaid expenses	76,948	385,044
Investments held under nonqualified retirement	313,601	279,300
Note receivable	1,977,286	1,977,286
Property and equipment, net	1,433,032	1,399,859
TOTAL ASSETS	$ 12,044,324	$ 11,299,531
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	$ 554,298	$ 732,436
Accrued salaries and fringe benefits	832,709	745,250
Deferred revenues	67,097	35,604
Obligations under nonqualified retirement agreement	311,387	277,224
Total Liabilities	1,765,491	1,790,514
Net Assets:		
Without donor restrictions		
Undesignated	7,922,840	7,613,686
Board Designated	2,308,159	1,673,154
	10,230,999	9,286,840
With donor restrictions		
Time restricted for future periods	-	39,078
Purpose restricted	47,834	183,099
	47,834	222,177
Total Net Assets	10,278,833	9,509,017
TOTAL LIABILITIES AND NET ASSETS	$ 12,044,324	$ 11,299,531

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

ATLANTA EDUCATIONAL TELECOMMUNICATIONS COLLABORATIVE, INC.

Statement of Activities
Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues:			
Public broadcasting entities	$ 1,395,048	$ 63,488	$ 1,458,536
Grants	-	87,750	87,750
Contributions, subscription membership fees	8,795,120	10,000	8,805,120
Underwriting contributions	4,896,131	-	4,896,131
In-kind contributions	1,048,913	-	1,048,913
Rental income	280,082	-	280,082
Other revenues	206,000	-	206,000
Net assets released from restrictions	335,581	(335,581)	-
Total Public Support and Revenues	16,956,875	(174,343)	16,782,532
Expenses			
Program Services			
Programming and Production	6,398,122	-	6,398,122
Broadcasting	2,522,190	-	2,522,190
Program Information and Promotion	1,295,442	-	1,295,442
Total Program Services	10,215,754	-	10,215,754
Support Services			
Management and General	2,067,722	-	2,067,722
Underwriting	1,352,585	-	1,352,585
Fundraising	2,376,655	-	2,376,655
Total Support Services	5,796,962	-	5,796,962
Total Expenses	16,012,716	-	16,012,716
Changes Net Assets	944,159	(174,343)	769,816
Net Assets, Beginning of Year	9,286,840	222,177	9,509,017
NET ASSETS, END OF YEAR	$ 10,230,999	$ 47,834	$ 10,278,833

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

ATLANTA EDUCATIONAL TELECOMMUNICATIONS COLLABORATIVE, INC.

Statement of Activities
Year Ended June 30, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues:			
Public broadcasting entities	$ 1,380,269	$ -	$ 1,380,269
Grants	-	243,500	243,500
Contributions, subscription membership fees	7,824,145	10,000	7,834,145
Underwriting contributions	4,401,125	-	4,401,125
In-kind contributions	868,528	-	868,528
Rental income	204,104	-	204,104
Other revenues	209,854	-	209,854
Net assets released from restrictions	93,247	(93,247)	-
Total Public Support and Revenues	14,981,272	160,253	15,141,525
Expenses			
Program Services			
Programming and Production	6,228,091	-	6,228,091
Broadcasting	2,064,399	-	2,064,399
Program Information and Promotion	1,123,178	-	1,123,178
Total Program Services	9,415,668	-	9,415,668
Support Services			
Management and General	1,951,198	-	1,951,198
Underwriting	1,338,694	-	1,338,694
Fundraising	2,085,751	-	2,085,751
Total Support Services	5,375,643	-	5,375,643
Total Expenses	14,791,311	-	14,791,311
Changes Net Assets	189,961	160,253	350,214
Net Assets, Beginning of Year	9,096,879	61,924	9,158,803
NET ASSETS, END OF YEAR	$ 9,286,840	$ 222,177	$ 9,509,017

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

ATLANTA EDUCATIONAL TELECOMMUNICATIONS COLLABORATIVE, INC.

Statement of Functional Expenses
Year Ended June 30, 2018

	Program Services					Support Services				
	Programming and Production - Radio	Programming and Production - TV	Broadcasting (Technical Support)	Program Information and Promotion	Total Program Services	Management and General	Underwriting	Fundraising	Total Support Services	Total
Salaries	$ 1,986,950	$ 383,664	$ 999,924	$ 427,489	$ 3,798,027	$ 1,089,155	$ 843,565	$ 573,976	$ 2,506,696	$ 6,304,723
Employee Benefit & Taxes	333,181	154,719	287,236	122,037	897,173	309,257	161,259	124,643	595,159	1,492,332
Professional Fees & Contract Services	121,022	177,581	216,930	29,869	545,402	178,135	20,385	118,817	317,337	862,739
Advertising & Promotion	-	-	16,497	435,567	452,064	37,311	3,373	1,044	41,728	493,792
Office Expenses	65,004	12,947	40,499	12,436	130,886	60,120	48,273	216,341	324,734	455,620
Information Technology	15,599	13,374	270,152	5,668	304,793	10,831	-	58,663	69,494	374,287
Occupancy	117,010	27,904	70,406	20,143	235,463	74,424	45,938	42,308	162,670	398,133
Travel & Conferences	23,858	6,100	18,214	6,235	54,407	44,107	6,055	59,038	109,200	163,607
Entertainment	1,441	1,368	990	823	4,622	12,476	480	1,384	14,340	18,962
Insurance	-	-	-	-	-	34,255	-	-	34,255	34,255
Program Acquisition & Development	1,478,660	676,258	185,922	5,489	2,346,329	-	-	-	-	2,346,329
Premiums & Processing	-	-	-	-	-	-	1,195	540,994	542,189	542,189
Event & Fundraising Expense	150	10,920	-	40,859	51,929	8,810	11,012	466,479	486,301	538,230
Equipment and Maintenance	14,467	3,955	148,017	463	166,902	1,438	1,647	1,169	4,254	171,156
Other	100,109	124,074	10,893	41,407	276,483	36,759	47,329	21,306	105,394	381,877
Depreciation	123,198	29,377	74,129	21,209	247,913	44,746	48,367	44,546	137,659	385,572
	4,380,649	1,622,241	2,339,809	1,169,694	9,512,393	1,941,824	1,238,878	2,270,708	5,451,410	14,963,803
Indirect Administrative Support	326,940	68,292	182,381	52,257	629,870	110,248	113,707	105,947	329,902	959,772
In-Kind Expenses	-	-	-	73,491	73,491	15,650	-	-	15,650	89,141
Total In-Kind Expenses	326,940	68,292	182,381	125,748	703,361	125,898	113,707	105,947	345,552	1,048,913
Total	$ 4,707,589	$ 1,690,533	$ 2,522,190	$ 1,295,442	$ 10,215,754	$ 2,067,722	$ 1,352,585	$ 2,376,655	$ 5,796,962	$ 16,012,716

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

ATLANTA EDUCATIONAL TELECOMMUNICATIONS COLLABORATIVE, INC.

Statements of Cash Flows
Years Ended June 30, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities:		
Cash received from contributors, members and grants	$ 15,167,234	$ 14,025,059
Other receipts	423,553	301,328
Cash paid to suppliers and employees	(14,360,814)	(13,858,437)
Net cash provided by operating activities	1,229,973	467,950
Cash Flows from Investing Activities:		
Acquisitions of property and equipment	(418,745)	(96,182)
Purchases of investments	(662,882)	(352,253)
Sales of investments	513,541	296,331
Increase in note receivable	-	(320,477)
Net cash used in investing activities	(568,086)	(472,581)
Increase (Decrease) in Cash and Cash Equivalents	661,887	(4,631)
Cash and Cash Equivalents:		
Beginning of Year	3,003,391	3,008,022
END OF YEAR	$ 3,665,278	$ 3,003,391

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

ATLANTA EDUCATIONAL TELECOMMUNICATIONS COLLABORATIVE, INC.

Statements of Cash Flows, Continued
Years Ended June 30, 2018 and 2017

	2018	2017
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	$ 769,816	$ 350,214
Adjustments to reconcile change in net asset to net cash provided by (used in) operating activities:		
Depreciation	385,572	388,327
Net realized and unrealized gain on investments	(62,529)	(112,630)
Changes in assets and liabilities:		
Increase in receivables	(111,796)	(60,993)
Decrease (increase) in prepaid expenses	308,096	(249,308)
Increase (decrease) in accounts payable and accrued expenses	(178,138)	127,328
Increase in accrued salaries and fringe benefits	87,459	182,429
Increase (decrease) in deferred revenues	31,493	(157,417)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 1,229,973	$ 467,950

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

Note 1 - Background and Significant Accounting Policies

Organization

Atlanta Educational Telecommunications Collaborative, Inc. (AETC) was established for charitable and educational purposes including, but not limited to, enhancing public education of the Atlanta Independent School System (the "School System") primarily through broadcasting educational programs. To this end, AETC entered into a management and operation agreement (the "Agreement") with the School System, licensee of stations WPBA-TV and WABE-FM and Cable Channel 22, (collectively referred to as "Stations"), and owner of certain real and personal property and equipment (the "Broadcast Facilities" - see Note 5) associated with and related to the operation of the Stations. AETC manages and operates the respective stations in accordance with rules and regulations of the Federal Communications Commission, Corporation for Public Broadcasting, Public Broadcasting Service and National Public Radio. The Agreement is effective through June 30, 2023 with the option to renew for two additional five-year terms through June 30, 2033, subject to the mutual agreement of both parties.

Basis of Presentation

AETC follows the provisions of Financial Accounting Standards Board (“FASB”). The FASB sets accounting principles generally accepted in the United States of America (“GAAP”).

The financial statements are reported using the accrual basis accounting.

Accounting Pronouncement Adopted

In August 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a nonprofit’s liquidity and availability of resources, expenses and investment returns, and cash flows. Main provisions of this guidance include: (a) presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) requiring that all nonprofits present an analysis of expenses by function and nature and disclose a summary of the allocation methods used to allocate costs, (c) presenting investment returns net of external and direct internal investment expenses, and (d) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources.

Note 1 - Background and Significant Accounting Policies, continued

Accounting Pronouncement Adopted (Continued)

AETC has elected to early adopt ASU 2016-14 as of and for the year ended June 30, 2018 with retrospective application for the 2017 financial statements. AETC opted to not disclose liquidity and availability information and a statement of functional expenses for 2017 as permitted under the ASU in the year of adoption.

Net Assets

Net asset activities and their defined purposes used by AETC are as follows:

Net Assets With Donor Restrictions - Consist of net assets with constraints placed on the use by external groups, such as creditors, grantors and contributors. When the related purpose or program is accomplished, whether by use of restricted net assets or unrestricted net assets, the donor restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restriction.

Net Assets Without Donor Restrictions – Consist of the board-designated fund and all other net assets that are available for support of AETC's operations.

Investments

Investments consist of marketable equity securities and mutual funds with original maturities greater than three months. Investments are carried at fair values determined at the date of the statement of financial position, based on quoted market prices.

Realized and unrealized gains on investments for the years ended June 30, 2018 and 2017 were $62,529 and $112,630 respectively. Interest and dividends for the years ended June 30, 2018 and 2017 were $102,340 and $70,865, respectively. Investment income has been included within other income in the accompanying statements of activities.

Fair Value Measurements

FASB defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. FASB established a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Note 1 - Background and Significant Accounting Policies, continued

Fair Value Measurements, continued

- *Level 1* – Quoted prices in active markets for identical assets or liabilities.
- *Level 2* – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- *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. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

AETC had no Level 3 investments as of June 30, 2018 and 2017.

The carrying value of financial instruments such as cash and cash equivalents, receivables, accounts payable and accrued expenses approximate fair value because of the terms and relative short maturity of the financial instruments. AETC believes the carrying values of its financial instruments are reasonable estimates of their values, unless otherwise noted.

Federal and State Income Taxes

AETC qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes has been recorded on the accompanying financial statements. In addition, AETC qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). GAAP requires AETC's management to evaluate tax positions taken and recognize a tax liability (or asset) if AETC has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service ("IRS"). AETC's management has analyzed the tax positions taken and has concluded that, as of June 30, 2018, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. AETC is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. In general, AETC is no longer subject to income tax examinations for tax years ending before June 30, 2015.

During December 2017, the President of the United States of America signed into law the Tax Cuts and Jobs Act. Under this Act, maximum corporate tax rates were reduced from a rate of 35% to a flat rate of 21%. AETC's tax liability, if any, for potential unrelated business income tax should not be significant. There are other changes to the tax law that may affect AETC, but the magnitude of such changes has not been determined.

Note 1 - Background and Significant Accounting Policies, continued

Contributions

AETC accounts for contributions in accordance with GAAP. Unconditional promises to give and contributions received are recorded as with donor restrictions or without donor restrictions depending on the existence or nature of donor restrictions. Underwriting contributions consist of advertising revenue and are recognized when earned. Subscription membership fees are recorded as revenue when received.

In-kind Contributions

Donated services, materials and supplies, as further described in Note 6, are recorded at fair market value at the time of the donation and are recognized as both contributions and expenses.

Compensated Absences

Compensated absences relative to vacation leave are accrued as a liability as earned by employees up to a maximum of 80 hours. No accrual is recorded for sick leave since employees are only eligible to receive compensation for legitimate illnesses and do not receive payment for unused sick leave.

Property and Equipment

Property and equipment acquired for $5,000 or more is capitalized at cost. Property and equipment is depreciated over the estimated useful life, ranging from 5 to 20 years, using the straight-line method.

Cash and Cash Equivalents

For purposes of the statement of cash flows, all highly liquid debt instrument purchases with an original maturity of three months or less are considered cash and/or cash equivalents.

Concentration of Credit Risk

AETC's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, receivables, and investments. At times, cash and cash equivalent balances exceed federally insured amounts. AETC believes it reduces risks associated with balances in excess of federal insured amounts by maintaining its cash with major financial institutions with sound financial standing. Management continually monitors receivable balances and believes that its exposure to credit risk is limited. Investment securities are exposed to various risks, such as interest rate risk, market risk and credit risk. If liquidity issues arise in the global credit and capital markets, it is at least reasonably possible that these changes in risks could materially affect the amounts reported in the accompanying financial statements.

Note 1 - Background and Significant Accounting Policies, continued

Use of Estimates

The preparation of financial statements in conformity with GAAP requires AETC to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results may differ from those estimates.

Reclassifications

Certain amounts for 2017 have been reclassified to conform to the 2018 presentation.

Functional Expenses

For the year ending June 30, 2018, AETC updated their methodology for functional expenses based on additional guidance provided in ASU 2016-14. The statement of functional expenses presents expenses by functional and natural classification. Certain expenses, such as depreciation, indirect administrative support, and utilities are allocated among program services and supporting services based on the full-time employee equivalent method of allocation. AETC applied this methodology retroactively to the functional allocations reported on the statements of activities for 2017.

Subsequent Events

Management has evaluated subsequent events through the date of this report, which is the date the financial statements were available to be issued.

Note 2 - Receivables

A summary of receivables as of June 30, 2018 and 2017 are as follows:

	2018	2017
Accounts/pledges receivable	$ 859,800	$ 785,355
Grants receivable	31,927	1,250
Other receivables	23,773	17,099
Total Receivables	$ 915,500	$ 803,704

AETC also has a long-term note receivable that is a result of the Welfare Benefit Plan (see Note 8) for the former Chief Executive Officer. The value of the long-term receivable as of June 30, 2018 and 2017 is $1,977,286 including $54,424 cumulative interest. In 2015, per the terms of the agreement, interest stopped accumulating due to distributions to the former Chief Executive Officer.

Note 3 - Investments

A summary of aggregate fair value of investments are as follows at June 30:

2018

Types of Investments:	Fair Value	Level 1	Level 2	Level 3
Equity securities [a]:				
US large cap	$ 561,057	$ 561,057	$ -	$ -
US mid cap	153,234	153,234	-	-
US small cap	27,593	27,593	-	-
International	219,919	219,919	-	-
Fixed income securities [b]:	2,700,876	2,351,196	349,680	-
Total	$ 3,662,679	$ 3,312,999	$ 349,680	$ -

2017

Types of Investments:	Fair Value	Level 1	Level 2	Level 3
Equity securities [a]:				
US large cap	$ 608,623	$ 608,623	$ -	$ -
US mid cap	202,049	202,049	-	-
US small cap	26,824	26,824	-	-
International	381,150	381,150	-	-
Fixed income securities [b]:	2,232,301	1,971,989	260,312	-
Total	$ 3,450,947	$ 3,190,635	$ 260,312	$ -

[a] Equity securities are comprised of the following investment types: common stock and mutual funds.

[b] Fixed income securities are comprised of the following investment types: bonds, bond mutual funds, treasury notes and corporate bonds.

Note 4 – Property and Equipment

Property and equipment balances as of June 30, 2018 and 2017 are as follows:

	2018	2017
Equipment and furniture	$ 3,019,698	$ 2,635,199
Intellectual Property	50,000	50,000
Leasehold improvements	1,384,977	1,350,732
	4,454,675	4,035,931
Less: Accumulated depreciation	(3,021,643)	(2,636,072)
Property and Equipment	$ 1,433,032	$ 1,399,859

Depreciation expense for the years ended June 30, 2018 and 2017 was $385,572 and $388,327, respectively.

Related Party Transactions

As part of the Agreement with the School System for the Stations mentioned in Note 1, all real and personal property and equipment that comprised the Broadcast Facilities of the Stations at the time of the initial contract with AETC or property acquired by the School System for the Broadcast Facilities since that time remain the property of the School System. For the years ending June 30, 2018 and 2017, AETC, leased the Broadcast Facilities from the School System for $1.00. The property is not included in AETC's financial statements and value of leased facilities is included as an in-kind contribution as reported in note 7. The following is a summary of the Broadcast Facilities reported, at cost, as part of the capital assets in the School System's financial statements:

Land and land improvements	$ 1,553,112
Building and building improvements	675,437
Equipment and Furnishings	936,739
Towers and Transmitters	3,751,100
	$ 6,916,388

Note 4 – Property and Equipment (Continued)

Related Party Transactions (Continued)

Beginning July 1, 2018, under the new agreement with the School System, AETC will lease the Broadcast Facilities. Future minimum lease payments for the years ending June 30 are as follows:

2019	$ 150,000
2020	153,000
2021	156,060
2022	159,181
2023	162,365
	$ 780,606

Note 5 – Net Assets

Net Assets with donor restrictions as of June 30 are as follows:

	2018	2017
Subject to expenditure for specified purpose:		
In Conversations Program	$ 11,820	$ 9,820
Educational Program	-	81,210
Healthcare Reporting	-	92,069
Environmental Reporting	20,956	-
Investigative Reporting	15,058	-
	47,834	183,099
Subject to passage of time:		
For Capital Projects	-	39,078
Total	$ 47,834	$ 222,177

Net Assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by the donors as of June 30 are as follows:

	2018	2017
Expenditures for program activities	$ 296,503	$ 83,721
Expenditures for capital projects	39,078	13,026
	$ 335,581	$ 96,747

Note 6 – Liquidity and Availability of Resources

AETC's financial assets available within one year of June 30, 2018 for general expenditures are as follows:

Cash and cash equivalents	$ 3,665,278
Receivables	915,500
Investments	3,662,679
Total financial assets available within one year	8,243,457
Less:	
Amounts unavailable to management without Board's approval:	
Board Designated Fund	(2,308,159)
Total financial assets available within one year without Board approval	$ 5,935,298

AETC has $5,935,298 of financial assets available for its general expenditures, liabilities, and other obligations come due. The majority of the financial assets include cash and cash equivalents as well as short-term investments that enable rapid liquidity when needed. The receivables are expected to be collected within one year. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position.

In addition, the governing board of AETC set aside undesignated net assets of $2,308,159 known as the Board Designated Fund, which may be drawn upon in the event of an immediate liquidity need from events outside the typical life cycle of general expenditures. Availability of the financial assets from the fund are subject to the approval of the governing body.

Note 7 – Donated Goods and Services

The value of donated goods and services included as in-kind contribution revenues and the corresponding program expenses in the accompanying statements of activities, are as follows for the years ended June 30:

2018

	Television	Radio	Total
Broadcast Facilities	$ 448,162	$ 511,610	$ 959,772
Goods and Services	64,920	13,571	78,491
Food and Beverage	5,325	5,325	10,650
Total	$ 518,407	$ 530,506	$ 1,048,913

2017

	Television	Radio	Total
Broadcast Facilities	$ 341,491	$ 342,277	$ 683,768
Goods and Services	86,980	86,980	173,960
Food and Beverage	5,400	5,400	10,800
Total	$ 433,871	$ 434,657	$ 868,528

Note 8 – Retirement Plans

AETC has a Tax Deferred or 403(b) retirement plan (the "Plan"). All full-time employees are eligible to participate in the Plan. The Plan may be terminated at any time at AETC's sole discretion. After completing six months of employment, AETC contributes 100% of the first 3% of compensation deferred plus 50% of the next 2% of compensation deferred, which can vary from plan year to plan year. Contributions to the Plan on behalf of Plan participants are made on a bi-weekly basis. Employees may contribute on a tax deferred basis any amount up to the lesser of 100% of their compensation or the IRS allowed limit. AETC's contributions amounted to $152,459 and $146,771 for the years ended June 30, 2018 and 2017, respectively.

AETC has a Nonqualified Deferred Compensation or 457(b) retirement plan. Director level and above employees are eligible to participate in the 457(b) plan. The 457(b) plan may be terminated at any time, at AETC's sole discretion. AETC does not contribute to the 457(b) plan. At June 30, 2018, the 457(b) plan has $313,601 in Plan Assets, and $311,387 in Plan Liabilities.

Note 9 – Welfare Benefit Plan

AETC sponsors a welfare benefit plan under ERISA for the benefit of an executive that authorized the purchase of life insurance policies as a means of providing post-employment benefits. The life insurance policies are established on the life of the executive and his spouse as joint insured. To minimize the risk of non-payment, the value of the life insurance was distributed between two highly rated insurers.

Each premium contribution provided by AETC on behalf of the executive is treated for legal, tax and financial purposes as a loan from AETC to the executive. These premium loans are established as a long-term note receivable on the financial statements of AETC. The receivable is required to be repaid by the executive. Accordingly, AETC has entered into a collateral assignment agreement with the executive which provides that the death benefit of the life insurance policies will provide a full repayment of the accumulated loan receivable at the death of the individuals insured under the policies to AETC. Based upon actuarial tables, it is projected that the life insurance policies held by the executive and his spouse will generate additional death benefits to AETC over and beyond the loan repayment and contractually agreed upon interest.

Note 10 – Related Party Transactions

AETC has one vendor where a member of the Board of Directors is an owner. This vendor provided services to AETC in the amount of approximately $96,000 for each of the years ended June 30, 2018 and 2017.