

GREATER DAYTON PUBLIC TELEVISION, INC.

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2011

GREATER DAYTON PUBLIC TELEVISION, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Greater Dayton Public Television, Inc.
Dayton, Ohio

We have audited the accompanying statement of financial position of Greater Dayton Public Television, Inc. as of June 30, 2011 and 2010, and the related statements of activities, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's Management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greater Dayton Public Television, Inc. at June 30, 2011 and 2010, 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.

Battelle + Battelle LLP

September 29, 2011

GREATER DAYTON PUBLIC TELEVISION, INC.

STATEMENT OF FINANCIAL POSITION

	<i>June 30</i>	
	<u>2011</u>	<u>2010</u>
A S S E T S		
Cash and cash equivalents	\$ 127,388	\$ 159,505
Accounts receivable	374,060	389,945
Contributions receivable	108,016	72,410
Membership pledges receivable, net of allowance	35,264	48,674
Pledges receivable - Digital Transmission Fund	96,358	129,002
Prepaid expense	53,679	62,045
Investments	1,287,674	1,059,180
Beneficial interest in perpetual trust	30,288	26,518
Prepaid rents	603,887	666,938
Land	105,728	105,728
Building and equipment, net	<u>4,224,009</u>	<u>5,012,447</u>
 Total assets	 <u>\$ 7,046,351</u>	 <u>\$ 7,732,392</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable, trade	\$ 191,174	\$ 206,612
Accrued compensation	249,115	252,816
Deferred support and revenue	<u>420,825</u>	<u>297,750</u>
Total liabilities	<u>861,114</u>	<u>757,178</u>
 NET ASSETS		
Unrestricted:		
Operating surplus	1,720,976	1,762,236
Investment in property and equipment	<u>4,329,737</u>	<u>5,118,175</u>
Total unrestricted net assets	6,050,713	6,880,411
Temporarily restricted	104,236	68,285
Permanently restricted	<u>30,288</u>	<u>26,518</u>
Total net assets	<u>6,185,237</u>	<u>6,975,214</u>
 Total liabilities and net assets	 <u>\$ 7,046,351</u>	 <u>\$ 7,732,392</u>

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

GREATER DAYTON PUBLIC TELEVISION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE TOTAL FOR 2010)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>TOTAL</u>	
				<u>2011</u>	<u>2010</u>
SUPPORT					
Corporation for Public Broadcasting:					
Community Service Grant and Interconnect reimbursement	\$ 1,061,852	\$ -	\$ -	\$ 1,061,852	\$ 981,948
Operations Grant	-	-	-	-	156,906
U.S. Department of Commerce	68,378	-	-	68,378	106,747
Public Broadcasting Service	-	-	-	-	105,122
eTech Ohio:					
Operating Subsidy	336,799	-	-	336,799	198,967
Educational Subsidy	139,324	-	-	139,324	275,012
Capital Grant	31,500	-	-	31,500	373,824
In-kind donations (contra in expense)	1,849,521	-	-	1,849,521	1,598,067
Montgomery County	44,606	-	-	44,606	66,965
Total support	<u>3,531,980</u>	<u>-</u>	<u>-</u>	<u>3,531,980</u>	<u>3,863,558</u>
REVENUE					
Memberships and other contributions	1,362,185	-	-	1,362,185	1,290,484
Donated services (contra in expense)	85,225	-	-	85,225	111,283
Acquired program sponsorship and underwriting	261,856	133,000	-	394,856	200,773
Auction and special events	310,685	-	-	310,685	410,978
Contract production services	130,475	-	-	130,475	494,605
Educational Broadcast Service	488,570	-	-	488,570	235,650
Educational services	444,254	-	-	444,254	470,499
Tower rental	26,392	-	-	26,392	25,514
Interest and dividends	27,134	-	-	27,134	21,477
Unrealized gain on investments	102,964	-	-	102,964	50,225
Realized gain on investments	105,258	-	-	105,258	96,655
Promotion and miscellaneous	25,815	-	-	25,815	46,699
Program distribution	-	-	-	-	3,655
Loss on sale of assets	(2,165)	-	-	(2,165)	(98)
Change in value of beneficial interest in perpetual trust	-	-	3,770	3,770	1,081
Total revenue	<u>3,368,648</u>	<u>133,000</u>	<u>3,770</u>	<u>3,505,418</u>	<u>3,459,480</u>
Net assets released from restrictions	<u>97,049</u>	<u>(97,049)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>6,997,677</u>	<u>35,951</u>	<u>3,770</u>	<u>7,037,398</u>	<u>7,323,038</u>
EXPENSE					
Broadcasting and telecommunication service	5,929,001	-	-	5,929,001	6,136,862
Fundraising	980,600	-	-	980,600	884,504
Administrative	917,774	-	-	917,774	959,071
Total expense	<u>7,827,375</u>	<u>-</u>	<u>-</u>	<u>7,827,375</u>	<u>7,980,437</u>
CHANGE IN NET ASSETS	<u>(829,698)</u>	<u>35,951</u>	<u>3,770</u>	<u>(789,977)</u>	<u>(657,399)</u>
Net assets, beginning of year	<u>6,880,411</u>	<u>68,285</u>	<u>26,518</u>	<u>6,975,214</u>	<u>7,632,613</u>
NET ASSETS, END OF YEAR	<u>\$ 6,050,713</u>	<u>\$ 104,236</u>	<u>\$ 30,288</u>	<u>\$ 6,185,237</u>	<u>\$ 6,975,214</u>

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

GREATER DAYTON PUBLIC TELEVISION, INC.

STATEMENT OF CHANGES IN NET ASSETS

YEARS ENDED JUNE 30, 2011 AND 2010

	<i>Operating Surplus</i>	<i>Investment in Property and Equipment</i>	<i>Total Unrestricted Net Assets</i>	<i>Temporarily Restricted Net Assets</i>	<i>Permanently Restricted Net Assets</i>	<i>Total Net Assets</i>
NET ASSETS, July 1, 2009	\$ 2,074,130	\$ 5,533,046	\$ 7,607,176	\$ -	\$ 25,437	7,632,613
Property and equipment additions	(558,521)	558,521	-			
Change in net assets	<u>246,627</u>	<u>(973,392)</u>	<u>(726,765)</u>	<u>68,285</u>	<u>1,081</u>	<u>(657,399)</u>
NET ASSETS, June 30, 2010	1,762,236	5,118,175	6,880,411	68,285	26,518	6,975,214
Property and equipment additions	(197,979)	197,979	-			
Change in net assets	<u>156,719</u>	<u>(986,417)</u>	<u>(829,698)</u>	<u>35,951</u>	<u>3,770</u>	<u>(789,977)</u>
NET ASSETS, June 30, 2011	<u>\$ 1,720,976</u>	<u>\$ 4,329,737</u>	<u>\$ 6,050,713</u>	<u>\$ 104,236</u>	<u>\$ 30,288</u>	<u>\$ 6,185,237</u>

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

GREATER DAYTON PUBLIC TELEVISION, INC.

STATEMENT OF CASH FLOWS

	<i>Year Ended June 30</i>	
	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (789,977)	\$ (657,399)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	984,252	973,298
Proceeds from capital grants	(99,878)	(585,693)
Noncash donation of tower space	20,000	20,000
Loss on disposal of equipment	2,165	98
Realized gain on investments	(105,258)	(96,655)
Unrealized gain on investments	(102,964)	(50,225)
Gain on beneficial interest in perpetual trust	(3,770)	(1,081)
Increase (decrease) in cash arising from changes in assets and liabilities:		
Accounts and pledges receivable	6,332	(121,993)
Prepaid expense and rents	71,416	68,617
Accounts payable and accrued compensation	(19,138)	37,739
Deferred support and revenue	123,075	(72,993)
Net cash provided by (used in) operating activities	<u>86,255</u>	<u>(486,287)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(197,979)	(558,525)
Purchase of investments	(272,350)	(404,779)
Proceeds from sale of investments	252,079	956,533
Net cash used in investing activities	<u>(218,250)</u>	<u>(6,771)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from capital grants	<u>99,878</u>	<u>585,693</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(32,117)	92,635
Cash and cash equivalents at beginning of year	<u>159,505</u>	<u>66,870</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 127,388</u>	<u>\$ 159,505</u>

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

GREATER DAYTON PUBLIC TELEVISION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1 - DESCRIPTION OF THE ORGANIZATION

Greater Dayton Public Television, Inc. (the Organization) is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Organization owns and operates noncommercial broadcasting stations in the State of Ohio, specifically WPTD Channel 16 in Dayton, WPTO Channel 14 in Oxford and other telecommunication facilities. The Organization receives support primarily from the viewing public and private and government grants. The Organization is economically dependent on grant support from the Corporation for Public Broadcasting (CPB) and other governmental entities.

In 2009 the Boards of Trustees of Greater Dayton Public Television, Inc. and Greater Cincinnati Television Educational Foundation formed a regional, nonprofit public broadcasting and media holding company, Public Media Connect, Inc. (the holding company). The organizations remain as local corporations and service providers with local community presence, brands, facilities and staff, and fundraising capabilities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of the financial statements of the Organization are described below:

Basis of Accounting

The Organization utilizes the accrual basis of accounting.

Basis of Presentation

The accompanying financial statements are prepared in conformity with accounting principles generally accepted in the United States (GAAP) in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

The Organization's resources are classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. Additionally, unconditional promises to give (pledges) are recorded as receivables and revenues and classified among net asset categories according to donor-imposed restrictions. A description of the net asset categories follows:

Unrestricted Net Assets: Unrestricted net assets are resources that are available to support the Organization's operations. These include resources designated by the Board of Trustees for investment in building and equipment.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Temporarily Restricted Net Assets: Temporarily restricted net assets are contributions and grants for which donor-imposed restrictions have not been met. When donor restrictions expire, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets: Permanently restricted net assets have been restricted by donors to be maintained in perpetuity. Generally, the donors of these assets permit the use of all or part of the income earned on related investments for general or specific purposes.

The Organization also conforms in all material respects to the reporting principles required by the Corporation for Public Broadcasting as promulgated in its publication, *Financial Reporting Guidelines*.

Donor-Imposed Restrictions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. If a restriction is fulfilled in the same time period in which a restricted contribution is received, the Organization classifies the support as unrestricted.

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 amounts and disclosures reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

For financial statement purposes, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Concentration of Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of deposits in banks that sometimes exceed federally insured limits, accounts receivable. The Organization manages the risk regarding deposits by using high credit quality financial institutions.

Concentrations of credit risk with respect to accounts receivable are limited due to the large number of grantor organizations and their dispersion across different industries and geographic areas. The Organization adheres to an investment policy that calls for professional investment management and diversification of investments as well as other standards and practices.

The Corporation for Public Broadcasting (CPB) is a major source of funding for the Organization. The Organization received \$1,061,852 and \$1,138,854 in 2011 and 2010, respectively, from CPB, representing approximately 15% and 16% of total revenue and support for 2011 and 2010, respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable are uncollateralized customer obligations due under normal trade terms. Accounts receivable are stated at the amount billed to the customer. Payments of accounts receivable are allocated to the specific invoices identified on the customer remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

Management individually reviews each customer based on an assessment of current credit worthiness and estimates the portion, if any, of the balance that will not be collected. Based upon that assessment, the carrying amount of accounts receivable is reduced by a valuation allowance that reflects Management's best estimate of the amounts that will not be collected, resulting in a charge to bad debt expense.

Accounts receivable are written off when the Organization determines they are uncollectible. Recoveries of accounts receivable previously written off are recorded when collected. At June 30, 2011 and 2010 no provision for uncollectible accounts was deemed necessary by management.

Contributions Receivable

Contributions receivable represent unconditional pledges from donors and bequests from estates and trusts to contribute cash or other assets to the Organization. Also included in contributions receivable are distributions to be received from charitable lead trusts. Contributions receivable are recognized when received at the net present value of the amounts expected to be collected. Amounts expected to be collected after one year are recorded at the present value of their estimated future cash flows. Amortization of the discount for present value is included in contributions revenue.

Membership Pledges Receivable

Membership pledges receivable represent unconditional promises to give and are receivable in less than one year. A provision is made for estimates of pledges that may not be collected. The provision for uncollectible pledges totaled \$23,004 and \$22,369 at June 30, 2011 and 2010, respectively.

Pledges Receivable

Pledges receivable represent unconditional promises from donors to contribute cash or other assets to the Organization. At June 30, 2011 and 2010, no provision for uncollectible pledges was deemed necessary by management.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is 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. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net unrealized gain or loss includes the Organization's gains and losses on investments bought and sold as well as held during the year. Capital gain distributions are included in dividend and interest income. The Organization's investments are subject to the normal risks associated with financial markets.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Beneficial Interest in Perpetual Trust

The beneficial interest in perpetual trust is a resource held and administered, at the direction of the resource provider, by an outside trustee for the benefit of the Organization. These accounts are reported at estimated fair value of the assets in the trust with changes in value included in the statement of activities. These resources consist of permanently restricted (perpetual trust) net assets. Under the terms of the perpetual trust, the Organization has the irrevocable right to receive the income earned on the trust assets in perpetuity, but never receives the assets held in trust.

Building and Equipment

Building and equipment are recorded at cost or, in the case of donated assets, at their estimated fair value at date of receipt. Depreciation is computed by the straight-line method over the estimated useful lives of the respective assets, which range from four to fifty years. Impairment of equipment is recognized if equipment becomes obsolete.

Production Revenue and Expense

The Organization uses the completed-contract method of accounting for production revenue and related costs. Concurrent with the initial broadcast or distribution of the programs, related production costs will be reported as operating expenses and related funding will be reported as earned revenue in the statement of activities. Production costs include charges by subcontractors plus all direct costs. Indirect and general and administrative expenses are charged to expense as incurred.

Contributions

The Organization records gifts of cash and other assets at their fair market value as of the date of contribution. Such donations are recorded as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as unrestricted revenue and net assets.

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized using the level-yield method and is reported as contribution revenue. All contributions receivable are expected to be collected within one year. Conditional promises to give are recognized as revenues when the conditions on which they depend are substantially met.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Community Service Grants

The CPB is a private, nonprofit grant-making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public telecommunications entities. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated Section 396(k)(7), (1983) Supplement. In any event, each grant must be expended within two years of the initial grant authorization.

The grants are reported on the accompanying financial statements as unrestricted operating funds; however, certain guidelines must be satisfied in connection with application for and use of the grants to maintain eligibility and compliance requirements. These guidelines pertain to the use of grant funds, record keeping, audits, financial reporting, and licensee status with the Federal Communications Commission.

Government Grants

Support funded by state grants is recognized as the Organization performs the contracted services or incurs outlays eligible for reimbursement under the grant agreement. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Donated Goods and Services

Donated goods and professional services are reported in the financial statements as revenue and expense. The value of these donations has been determined from invoices rendered by the various donors. A substantial number of volunteers have made significant contributions of time to the Organization's policy-making, program and support functions. The value of this contributed time does not meet the criteria for recognition of donated services existing in accounting standards and, accordingly, is not reflected in the accompanying financial statements. For the years ended June 30, 2011 and 2010, \$1,934,746 and \$1,709,350, respectively, was received in donated services and in-kind contributions.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. The Organization is not a private foundation as defined in Section 509(a) of the Internal Revenue Code. However, the Organization is subject to federal income tax on any unrelated business taxable income. The Organization did not have any material unrelated business income tax liability for the years ended June 30, 2011 and 2010. Therefore, no tax liability has been provided in the accompanying financial statements.

Management concluded that there are no uncertain tax positions that require recognition or disclosure in the financial statements. With few exceptions, the Organization's federal information returns are no longer subject to examination by the Internal Revenue Service for years before fiscal 2008.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Programming Rights

Costs of programming rights are expensed in the year of acquisition even though, in certain instances, these rights have a term exceeding one year.

Advertising Costs

Advertising costs are expensed when incurred and totaled \$19,419 in fiscal 2011 (\$6,944 in fiscal 2010).

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassifications

Certain amounts in the fiscal 2010 financial statements have been reclassified to conform to the current year presentation.

Subsequent Events

The Organization has determined that there were no subsequent events that would require disclosure or adjustments to the accompanying financial statements through September 29, 2011, the date the financial statements were available to be issued.

NOTE 3 - PLEDGES RECEIVABLE

Pledges receivable related to the Digital Transmission Fund are collectible over five years. Pledges that are expected to be collected within one year are recorded at net realizable value. Pledges that are expected to be collected after one year are recorded at the present value of their estimated future cash flows. Effective interest rates used in the present value calculation ranged from 3.75% to 3.90%. No new pledges receivable related to the Digital Transmission Fund were received for the year ended June 30, 2011 or 2010. Amortization of the discount will be included in contribution revenue in future years.

Pledges receivable at June 30 are expected to be collected as follows:

	<u>2011</u>	<u>2010</u>
Less than one year	\$ 41,000	\$ 42,588
One to five years	58,172	97,584
Total	99,172	140,172
Less discount to net present value	(2,814)	(11,170)
Net present value	<u>\$ 96,358</u>	<u>\$ 129,002</u>

NOTE 4 - INVESTMENTS

The cost and fair value of the Organization's investments are summarized as follows:

	June 30, 2011			June 30, 2010		
	Cost	Fair Value	Unrealized Gain	Cost	Fair Value	Unrealized Gain
Money market fund	\$ 49,281	\$ 49,281	\$ -	\$ 16,985	\$ 16,985	\$ -
Fixed income securities	206,713	216,875	10,162	190,492	201,972	11,480
Equity securities	432,579	570,026	137,447	427,639	473,062	45,423
Foundation funds	391,242	451,492	60,250	319,169	367,161	47,992
Total	<u>\$ 1,079,815</u>	<u>\$ 1,287,674</u>	<u>\$ 207,859</u>	<u>\$ 954,285</u>	<u>\$ 1,059,180</u>	<u>\$ 104,895</u>

The Dayton Foundation held \$451,492 in trust for the Organization at June 30, 2011 (\$367,161 at June 30, 2010), which is included in the total investment balance. Per terms of the trust agreement, the Organization can receive distributions from this trust with a two-thirds vote of the Organization's Board of Trustees.

NOTE 5 - BUILDING AND EQUIPMENT

Building and equipment consisted of the following major classifications at June 30:

	2011	2010
Buildings and improvements	\$2,011,452	\$2,011,452
Tower, antenna, and transmitting equipment	5,725,344	5,588,344
Technical equipment	8,570,349	8,528,176
Furniture, fixtures and office equipment	742,359	773,167
Vehicles	69,495	69,495
Total at cost	17,118,999	16,970,634
Less accumulated depreciation	(12,894,990)	(11,958,187)
Total building and equipment	<u>\$ 4,224,009</u>	<u>\$ 5,012,447</u>

The Organization has received funds through grants from agencies of the federal government for the purpose of acquiring property and equipment. The Federal Government has a ten-year interest in assets purchased with federal funds commencing at the date of the completion of a specific project. The total depreciated cost of assets acquired on this basis during the prior ten fiscal years is \$1,434,926. Depreciation expense for fiscal 2011 totaled \$984,252 (\$973,298 for fiscal 2010).

NOTE 6 - LINE-OF-CREDIT

The Organization had an open line-of-credit of \$500,000 at June 30, 2010 from PNC Bank to provide for normal working capital requirements. The line-of-credit was collateralized by the deposit accounts of the Organization and called for interest at the one month LIBOR rate plus 2.00%. At June 30, 2010, no amount was outstanding against the line of credit. The line-of-credit was closed at June 30, 2011. In July 2011, the Organization established a new line-of-credit of \$500,000 with Fifth Third Bank. This arrangement extends through June 30, 2012, calls for interest at one month LIBOR rate plus 1.95%, and is collateralized by investments held at the bank.

NOTE 7 - OPERATING LEASES

The Organization entered into a long-term operating lease with the City of Dayton in 1987 for administrative and operating facilities. Lease terms require minimum annual rental payments through June 30, 2012. The Organization has the option of extending the lease for five successive five-year terms with annual rental payments increasing with each five-year term. Minimum future rental payments under noncancellable operating leases having terms in excess of one year at June 30, 2011 are as follows: 2012 - \$33,495.

In 2003, the Organization entered into a ten-year dedicated point-to-point line arrangement with Time Warner Telecom calling for a one-time payment in the amount of \$200,000. The expense associated with this lease is being recognized on a straight-line basis over the ten-year term of the lease; prepaid rent was \$55,000 and \$75,000 at June 30, 2011 and 2010, respectively. The Organization has the option to renew this lease for an additional ten-year term, provided 60 days' prior notice is given to Time Warner Telecom.

In 2003, the Organization entered into a twenty-year tower lease arrangement with Raycom National, Inc. calling for a one-time payment of \$861,000. The expense associated with this lease is being recognized on a straight-line basis over the twenty-year term of the lease; prepaid tower rent was \$548,888 and \$591,938 at June 30, 2011 and 2010, respectively. The Organization has the option to renew this lease for two successive ten-year terms, provided 90 days' prior notice is given to the lessor.

Total rent expense for fiscal 2011 was \$141,286 compared to \$119,013 for fiscal 2010.

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at June 30:

	<u>2011</u>	<u>2010</u>
Underwriting	\$ 4,500	\$ 68,285
For periods after June 30	99,736	-
Total	<u>\$ 104,236</u>	<u>\$ 68,285</u>

NOTE 9 - RETIREMENT PLAN

Substantially all employees are covered by a defined contribution 403(b) plan. The Organization has in the past contributed 3% of the employees' salary plus matched up to 2% of employees' contribution. In February 2009 those contributions were temporarily suspended. There were no contributions to the plan in fiscal 2011 and 2010.

NOTE 10 - RELATED-PARTY TRANSACTIONS

The Organization has entered into an arrangement with Greater Cincinnati Television Educational Foundation (CET) to share employees. As a result of this, the Organization periodically bills CET to obtain reimbursement for a portion of the personnel expenses. Amounts outstanding related to this arrangement totaled \$132,418 and \$20,467 as of June 30 2011, and 2010 and are included in the accounts receivable balance.

NOTE 11 - FAIR VALUE MEASUREMENTS

The Organization has determined the fair value of certain assets through application of accounting guidance that establishes a framework for measuring fair values.

The accounting standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. This standard also requires the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available in the circumstances. In that regard, a fair value hierarchy has been established for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity has the ability to access as of the measurement date.
- Level 2 Significant other observable inputs other than the Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.
- Level 3 Significant unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

A description of the valuation methodologies used for assets measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below. There have been no changes in the methodologies used at June 30, 2011 and 2010.

Money market fund: Valued at the net asset value of underlying assets. Each security is valued on a quoted market price and traded in an active market.

Government bonds/corporate bonds: Valued utilizing quoted prices for other similar assets in active or inactive markets.

Equities: Valued at the closing price reported on the active market on which the individual securities are traded.

Foundation fund: Valued at the fair value of the underlying funds multiplied by the Organization's proportionate interest.

Beneficial interest in perpetual trust: The fair value of the Organization's beneficial interest in the perpetual trust is based on observable inputs such as discount rates and projected rates of returns on endowment assets.

NOTE 11 - FAIR VALUE MEASUREMENTS (CONTINUED)

Assets Measured at Fair Value on a Recurring Basis

The following table summarizes assets measured at fair value on a recurring basis as of June 30, 2011 and 2010, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value.

<u>June 30, 2011</u>	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Money market fund	\$ 49,281	\$ -	\$ 49,281	\$ -
Fixed income securities				
Corporate bonds	113,784		113,784	
Government bonds	103,091		103,091	
Total fixed income securities	<u>216,875</u>		<u>216,875</u>	
Equities				
Consumer goods	29,927	29,927		
Energy	31,566	31,566		
Financial	45,186	45,186		
Health care	33,246	33,246		
Industrial goods	32,594	32,594		
Materials	26,024	26,024		
Services	34,226	34,226		
Telecommunication	72,856	72,856		
Balanced funds	84,384	84,384		
Growth funds	110,197	110,197		
Value funds	44,120	44,120		
Other	<u>25,700</u>	<u>25,700</u>		
Total equity securities	<u>570,026</u>	<u>570,026</u>	-	-
Foundation fund	451,492		451,492	
Total investments	<u>1,287,674</u>	<u>570,026</u>	<u>717,648</u>	-
Beneficial interest in perpetual trust	30,288		30,288	
Totals	<u>\$ 1,317,962</u>	<u>\$ 570,026</u>	<u>\$ 747,936</u>	<u>\$ -</u>

NOTE 11 - FAIR VALUE MEASUREMENTS (CONTINUED)

<u>June 30, 2010</u>	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Money market fund	\$ 16,985	\$ -	\$ 16,985	\$ -
Fixed income securities				
Corporate bonds	123,612		123,612	
Government bonds	78,360		78,360	
Total fixed income securities	<u>201,972</u>		<u>201,972</u>	
Equities				
Consumer goods	33,155	33,155		
Energy	22,657	22,657		
Financial	33,216	33,216		
Health care	51,226	51,226		
Industrial goods	7,259	7,259		
Materials	17,548	17,548		
Services	31,797	31,797		
Telecommunication	62,196	62,196		
Balanced funds	51,973	51,973		
Growth funds	87,171	87,171		
Value funds	35,731	35,731		
Other	39,135	39,135		
Total equity securities	<u>473,062</u>	<u>473,062</u>	<u>-</u>	<u>-</u>
Foundation fund	367,161		367,161	
Total investments	<u>1,059,180</u>	<u>473,062</u>	<u>586,118</u>	<u>-</u>
Beneficial interest in perpetual trust	26,518		26,518	
Totals	<u>\$ 1,085,698</u>	<u>\$ 473,062</u>	<u>\$ 612,636</u>	<u>\$ -</u>

**INDEPENDENT AUDITORS' REPORT
ON ADDITIONAL INFORMATION**

Board of Trustees
Greater Dayton Public Television, Inc.
Dayton, Ohio

Our report on our audits of the basic financial statements of Greater Dayton Public Television, Inc. for the years ended June 30, 2011 and 2010 appears on page one. Those audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedules No. 1 through No. 4 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements, taken as a whole.

Battelle + Battelle LLP

September 29, 2011

GREATER DAYTON PUBLIC TELEVISION, INC.

SCHEDULE OF BUILDING AND EQUIPMENT

	ASSET COST		ACCUMULATED DEPRECIATION			DEPRECIATED COST
	June 30 2010	June 30 2011	June 30 2010	2011 Depreciation	June 30 2011 Disposals	
Land	\$ 105,728	\$ 105,728	\$ -	-	\$ -	\$ 105,728
Building and improvements	2,011,452	2,011,452	959,769	47,061	1,006,830	1,004,622
Tower and antenna system	2,461,223	2,546,360	1,409,170	66,593	1,475,763	1,070,597
Technical equipment	8,528,176	8,570,349	6,783,812	715,088	(9,436)	1,080,885
Transmitting equipment	3,127,121	3,178,984	2,057,009	126,051	2,183,060	995,924
Furniture, fixtures and other office equipment	259,648	259,648	239,206	5,153	244,359	15,289
Computer	513,519	482,711	439,726	24,306	(38,013)	56,692
Vehicles	69,495	69,495	69,495	-	69,495	-
Total	\$ 16,970,634	\$ 17,118,999	\$ 11,958,187	\$ 984,252	\$ (47,449)	\$ 4,224,009

See Independent Auditors' Report on Additional Information.

GREATER DAYTON PUBLIC TELEVISION, INC.
BROADCASTING AND TELECOMMUNICATION SERVICE EXPENSE

	Year Ended June 30, 2011				Total	Year Ended June 30, 2010 Total	
	Technical	Programming	Ed. Services	Production			Promotions
Salaries	\$ 363,475	\$ 182,979	\$ 140,477	\$ 244,208	\$ 86,200	\$ 1,017,339	\$ 1,195,488
Benefits	69,945	30,101	22,576	48,816	18,496	189,934	214,995
Outside labor				16,056		16,056	24,390
Supplies	89	3,804	28,247	6,513	72	38,725	29,653
Printing			7,636		29,227	36,863	20,752
Promotional incentive			273			273	-
Advertising					19,419	19,419	6,682
Postage and shipping	1,363	1,688	4,571	328	15,105	23,055	20,093
Travel and training	270	5,336	16,754	3,734	1,117	27,211	38,803
Receptions			759	677	86	1,522	1,830
Repair and maintenance	67,313	3,917	240	746		72,216	80,310
Utilities	206,564		176	2,284	7	209,031	231,433
Rent	43,947		3,900	40		47,887	47,633
Memberships	212	110	780	2,215	115	3,432	3,342
Consulting fees	2,899	56,157	13,191	675	2,442	75,364	120,878
Production fees			21,972	32,040		54,012	121,690
Educational fees			291,715			291,715	287,328
Insurance		11,785				11,785	11,785
Program acquisitions		773,798				773,798	914,609
Program membership dues/interconnect		182,482		110		182,592	174,536
In-kind services	664,147		1,185,374		56,125	1,905,646	1,682,886
Depreciation	858,195	6,790	2,697	62,407	1,037	931,126	907,746
Total	\$ 2,278,419	\$ 1,258,947	\$ 1,741,338	\$ 420,849	\$ 229,448	\$ 5,929,001	\$ 6,136,862

See Independent Auditors' Report on Additional Information.

GREATER DAYTON PUBLIC TELEVISION, INC.

FUNDRAISING EXPENSE

	Year Ended June 30, 2011			Year Ended
	Marketing	Member Services	Auction and Special events	June 30, 2010 Total
Salaries	\$ 57,711	\$ 187,491	\$ 123,033	\$ 368,235
Benefits	10,119	27,014	14,906	52,039
Outside labor			1,457	1,457
Supplies	2,486	1,938	9,378	13,802
Printing services	119	8,526	5,979	14,624
Advertising				-
Promotional incentives	20	96,184	10,918	107,122
Postage and shipping	81	52,642	3,418	56,141
Travel and training	2,799	3,062	886	6,747
Receptions	293	5,430	22,828	28,551
Repair and maintenance		18,828	4,340	23,168
Facility and equipment rent			17,891	17,891
Utilities		900	2,429	3,329
Bank service charges		30,916	2,976	33,892
Memberships		998	110	1,108
Commissions		108,784	5,352	114,136
Direct mail fees		95,058		95,058
Consulting fees		1,787	7,592	9,379
Production fees	4,310	1,000	-	5,310
Purchased items			1,204	1,204
In-kind services		16,200		16,200
Depreciation	253	5,845	2,209	8,307
Board of Trustee/Staff		30	2,870	2,900
Total	\$ 78,191	\$ 662,633	\$ 239,776	\$ 980,600
				\$ 884,504

See Independent Auditors' Report on Additional Information.

GREATER DAYTON PUBLIC TELEVISION, INC.

ADMINISTRATIVE EXPENSE

	<i>Year Ended June 30</i>	
	<i>2011</i>	<i>2010</i>
Salaries	\$ 320,461	\$ 380,144
Benefits	65,209	35,247
Outside labor	18,376	916
Supplies	9,782	7,867
Printing services	669	2,461
Postage and shipping	4,089	739
Travel, training and mileage	5,380	3,325
Repair and maintenance	63,477	49,804
Utilities	150,998	145,843
Office and equipment rent	75,508	55,665
Memberships	6,318	16,325
Professional fees	68,933	89,186
Insurance	46,322	71,536
Board of Trustees	11,239	10,884
Recruitment		833
Depreciation	44,819	54,625
Interest expense	13,294	15,341
In-kind services	12,900	18,330
Total administrative expense	<u>\$ 917,774</u>	<u>\$ 959,071</u>

See Independent Auditors' Report on Additional Information.

