Detroit Educational Television Foundation

Financial Report
with Additional Information
June 30, 2016

Detroit Educational Television Foundation

Contents

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Independent Auditor's Report

To the Members of the Finance
and Audit Committee
Detroit Educational Television Foundation

We have audited the accompanying financial statements of Detroit Educational Television Foundation (the "Foundation"), which comprise the balance sheet as of June 30, 2016 and 2015 and the related statements of activities and changes in net assets 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.

Auditor's 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Members of the Finance
and Audit Committee
Detroit Educational Television Foundation

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Detroit Educational Television Foundation as of June 30, 2016 and 2015 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.

Emphasis of Matter - Prior Period Adjustment

As described in Note 12 to the financial statements, the June 30, 2015 statement of activities and changes in net assets has been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Plante & Moran, PLLC

September 28, 2016

Detroit Educational Television Foundation

Balance Sheet

	June 30, 2016	June 30, 2015 (As Restated)
Assets		
Current Assets		
Cash and cash equivalents	$ 3,038,349	$ 3,478,664
Receivables:		
Trade - Net	676,170	629,284
Pledges receivable - Net (Note 2)	1,341,217	1,501,145
Investments (Note 11)	2,549,561	2,505,776
Inventory	12,710	121,227
Restricted cash - Bond payments (Note 6)	285,000	909,985
Prepaid assets and other	210,366	320,798
Total current assets	8,113,373	9,466,879
Pledges Receivable - Long term (Note 2)	365,856	898,104
Property and Equipment - Net (Note 3)	13,780,723	14,456,775
Other Assets	92,132	109,406
Total assets	**$ 22,352,084**	**$ 24,931,164**
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 795,368	$ 666,745
Current portion of long-term debt (Note 5)	75,000	75,000
Current portion of long-term bond debt (Note 6)	285,000	895,000
Accrued liabilities and other (Note 10)	1,085,380	1,290,778
Total current liabilities	2,240,748	2,927,523
Equipment Liability - Net of current portion (Note 5)	306,250	375,000
Long-term Debt - Net of current portion (Note 6)	2,565,000	2,850,000
Total liabilities	5,111,998	6,152,523
Net Assets		
Unrestricted	15,507,460	17,019,118
Temporarily restricted - Production funding	1,652,606	1,679,503
Permanently restricted - Endowment	80,020	80,020
Total net assets	17,240,086	18,778,641
Total liabilities and net assets	**$ 22,352,084**	**$ 24,931,164**

See Notes to Financial Statements.

Detroit Educational Television Foundation

Statement of Activities and Changes in Net Assets

	Year Ended June 30, 2016	Year Ended June 30, 2015 (As Restated)
Changes in Unrestricted Net Assets		
Revenue and support:		
Individual contributions	$ 9,120,197	$ 8,807,714
Retail product sales	518,630	695,648
Productions of local and national programs	2,974,375	3,806,935
Corporate contributions	1,144,198	1,361,512
Corporation for Public Broadcasting grants	2,581,588	2,603,628
Foundation contributions	337,175	1,084,617
Special events	316,268	293,149
Facilities rental	512,606	614,299
Net realized and unrealized (losses) gains on investments	(27,156)	13,347
Miscellaneous income	123,300	260,078
Total revenue and support	17,601,181	19,540,927
Net assets released from restrictions	1,193,552	1,072,450
Total revenue, support, and net assets released from restrictions	18,794,733	20,613,377
Expenses:		
Program services:		
Communications	1,329,488	1,223,798
Production	5,826,228	6,511,068
Broadcast	5,699,185	5,652,789
Total program services	12,854,901	13,387,655
Support services:		
Administration and general	2,178,702	2,069,180
Fundraising	5,272,788	5,472,269
Total expenses	20,306,391	20,929,104
Decrease in Unrestricted Net Assets	(1,511,658)	(315,727)
Changes in Temporarily Restricted Net Assets		
Contributions	1,166,655	1,182,427
Net assets released from restrictions	(1,193,552)	(1,072,450)
(Decrease) Increase in Temporarily Restricted Net Assets	(26,897)	109,977
Decrease in Net Assets	(1,538,555)	(205,750)
Net Assets - Beginning of year (as restated)	18,778,641	18,984,391
Net Assets - End of year	**$ 17,240,086**	**$ 18,778,641**

Detroit Educational Television Foundation

Statement of Cash Flows

	Year Ended June 30, 2016	Year Ended June 30, 2015 (As Restated)
Cash Flows from Operating Activities		
Decrease in net assets	$ (1,538,555)	$ (205,750)
Adjustments to reconcile decrease in net assets to net cash from operating activities:		
Depreciation and amortization	941,203	1,090,283
Loss on sale of property and equipment	-	173
Noncash change in equipment liability	(68,750)	-
Net realized and unrealized loss (gains) on investments	27,156	(13,347)
Change in pledge discount	(24,055)	(15,433)
Changes in operating assets and liabilities that (used) provided cash:		
Accounts receivable	(46,886)	(21,502)
Inventory	108,517	46,999
Pledges receivable	716,231	196,561
Prepaid assets and other	110,432	(7,124)
Accounts payable	128,623	(111,476)
Accrued liabilities and other	(205,398)	(169,142)
Net cash provided by operating activities	148,518	790,242
Cash Flows from Investing Activities		
Purchase of property and equipment	(247,877)	(547,797)
Proceeds from disposition of property and equipment	-	961
Purchases of investments	(2,190,493)	(1,063,399)
Proceeds from sales and maturities of investments	2,119,552	1,010,392
Net cash used in investing activities	(318,818)	(599,843)
Cash Flows from Financing Activities		
Proceeds from equipment liability	-	450,000
Payments on debt	(895,000)	(885,000)
Net cash used in financing activities	(895,000)	(435,000)
Net Decrease in Cash and Cash Equivalents	(1,065,300)	(244,601)
Cash and Cash Equivalents - Beginning of year	4,388,649	4,633,250
Cash and Cash Equivalents - End of year	**$ 3,323,349**	**$ 4,388,649**
Supplemental Disclosure of Cash Flow Information - Cash paid for interest	**$ 15,835**	**$ 7,390**
Cash and Cash Equivalents Are Comprised of the Following		
Unrestricted	$ 3,038,349	$ 3,478,664
Restricted	285,000	909,985
Total	**$ 3,323,349**	**$ 4,388,649**

See Notes to Financial Statements.

Note 1 - Nature of Business and Significant Accounting Policies

Nature of Organization - Detroit Educational Television Foundation (the "Foundation") is a not-for-profit corporation, which is exempt from federal income tax under Section 501(c)(3) of the United States Internal Revenue Code, classified as an organization that is not a private foundation, and incorporated under the name Detroit Educational Television Foundation. The Foundation also operates under the names DPTV, Detroit Public TV, Channel 56, and WTVS. The Foundation operates two broadcast entities, WTVS Channel 56, a viewer-sponsored television service for Southeastern Michigan and Canada, and WRCJ-FM, a classical/jazz FM radio station in Detroit, Michigan. The Foundation receives the majority of its funding from corporate and individual contributions and retail sales of productions of artists featured during programming.

The Foundation distinguishes among contributions received for each net asset category in accordance with donor-imposed restrictions. A description of the three categories is as follows:

Unrestricted Net Assets - Unrestricted net assets are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the board or may otherwise be limited by contractual agreements with outside parties.

Temporarily Restricted Net Assets - Temporarily restricted net assets are subject to donor-imposed stipulations that can be fulfilled by actions of the Foundation pursuant to those stipulations or that expire by passage of time.

Temporarily restricted net assets total $1,652,606 and $1,679,503 at June 30, 2016 and 2015, respectively. Changes in temporarily restricted net assets include contributions of $1,166,655 and $1,182,427 restricted for production funding during the years ended June 30, 2016 and 2015, respectively.

Permanently Restricted Net Assets - Permanently restricted net assets are subject to donor-imposed stipulations that they may be maintained permanently by the Foundation.

Expenses are generally reported as decreases in unrestricted net assets. Expirations of donor-imposed stipulations that simultaneously increase one class of net assets and decrease another are reported as reclassifications between the applicable classes of net assets.

Contribution revenue with donor-imposed restrictions that are met in the same year as received or earned is reported as unrestricted revenue. Contribution revenue with donor-imposed restrictions that are not met in the same year is reported as temporarily restricted revenue and is reclassified to unrestricted net assets when an expense is incurred that satisfies the donor-imposed restriction.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

The significant accounting policies are described below:

Cash Equivalents - The Foundation considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents, except for those money market funds that are considered part of the investment portfolio.

Investments - The majority of the Foundation's investments are in debt and equity mutual funds at June 30, 2016 and 2015. Investments are recorded at fair value based on quoted market prices or net asset value.

Trade Receivables - Trade receivables consist of accounts receivable and receivables from Entertainment One U.S. LP (E1) and Independent Label Service Group (ILS) for sales of retail products that are companions to the Foundation's fundraising programs.

Accounts receivable are stated at billed amounts. An allowance for doubtful accounts is established based on specific assessment of all billings that remain unpaid following normal payment periods. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period the determination is made.

The Foundation entered into an agreement with E1 for retail distribution throughout the United States and ILS for retail distribution throughout Canada of its music and video products that are companions to its television fundraising programs through June 2016. In March 2016, the Foundation entered into an agreement with BFD2, Inc. through March 2019 for retail distribution through the United States and Canada. The receivable for retail sales is for sales that have occurred before the end of the fiscal year for which the Foundation has not received the proceeds. The receivables are stated at net realizable value. An allowance for potential returned merchandise is established based on historical merchandise return experience.

	2016	2015
Accounts receivable	$ 611,076	$ 554,652
Allowance for doubtful accounts	(8,574)	(4,166)
Accounts receivable - Net	602,502	550,486
Retail distribution receivables	111,168	116,298
Allowance for returned merchandise	(37,500)	(37,500)
Retail distribution receivables - Net	73,668	78,798
Trade receivables - Net	$ 676,170	$ 629,284

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Pledges Receivable - The Foundation receives pledges of financial support from corporations, foundations, and individuals. Revenue is recognized when a pledge is made. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

An allowance for uncollectible contributions is provided based on management's judgment of potential defaults. The determination includes such factors as prior collection history, type of contribution, current economic conditions, and nature of fundraising.

Inventory - Inventory, consisting mainly of promotional items and merchandise held for resale by a third party, is stated at the lower of cost, computed on a first-in, first-out (FIFO) basis, or net realizable value.

Restricted Cash - The Michigan Strategic Fund Variable Rate Demand Limited Obligation Revenue Bonds Series 2005 contain an escrow agreement. The restricted cash is the balance of the required monthly escrow payments as of June 30. The escrow agreement requires monthly payments equal to one-twelfth of the next annual principal payment. The escrow account is treated as additional collateral for the bonds. At June 30, 2016 and 2015, the balance of the escrow account exceeds the requirement. See Note 6 for further detail.

Property and Equipment - Property and equipment are stated at original cost if purchased or at estimated fair value if donated. When assets are retired or otherwise disposed of, the related cost and depreciation are removed from the respective accounts and any profit or loss is included in revenue. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets.

Other Assets - Other assets consist of capitalized bond issue costs related to the Series 2005 debt. The costs are being amortized over the life of the bonds.

Revenue - All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Revenue relating to retail sales, facilities rental, and productions of local and national programs is recognized when earned.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Functional Allocation of Expenses - The costs of providing the program and support services have been reported on a functional basis in the statement of activities and changes in net assets. Indirect costs have been allocated between the various programs and support services based on estimates, as determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

Subsequent Events - The financial statements and related disclosures include evaluation of events up through and including September 28, 2016, which is the date the financial statements were issued.

Upcoming Accounting Changes - In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Foundation's year ending June 30, 2019. The ASU permits application of the new revenue recognition guidance to be applied using one of two retrospective application methods. The Foundation has not yet determined which application method it will use or the potential effects of the new standard on the financial statements, if any.

In February 2016, the Financial Accounting Standards Board issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease footnote guidance will be effective for the Foundation's year ending June 30, 2020.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* in August 2016. ASU No. 2016-14 requires significant changes to the financial reporting model of organizations who follow FASB not-for-profit rules, including changing from three classes of net assets to two classes, net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by the Foundation, including required disclosures about the liquidity and availability of resources. The new standard is effective for the Foundation's year ending June 30, 2019 and thereafter and must be applied on a retrospective basis. The Foundation is currently evaluating the impact this standard will have on the financial statements.

Reclassification - Certain reclassifications were made to amounts in the 2015 financial statements to conform to the classifications used in 2016. The engineering line under program services in the statement of activities and changes in net assets has been combined into the broadcast line. This change has no effect on the amount of total program service expenses or net assets.

Note 2 - Pledges Receivable

Pledges receivable represent amounts pledged from donors. Pledges receivable consist of the following as of June 30, 2016 and 2015:

	2016	2015 (As Restated)
Pledges receivable	$ 1,899,169	$ 2,777,933
Less unamortized discount	(11,452)	(35,507)
Less allowance for uncollectible pledges	(180,644)	(343,177)
Net pledges receivable	$ 1,707,073	$ 2,399,249
Amounts due in:		
Less than one year	$ 1,521,861	$ 1,844,322
One to five years	377,308	933,611
Gross payments on pledges receivable	$ 1,899,169	$ 2,777,933

The Foundation discounted the pledges with interest rates ranging from 2.94 to 3.30 percent.

Note 3 - Property and Equipment

The cost of property and equipment and related accumulated depreciation at June 30, 2016 and 2015 are as follows:

	2016	2015	Depreciable Life - Years
Land	$ 2,539,173	$ 2,539,173	-
Land improvements	69,111	69,111	10-15
Buildings and building improvements	12,069,680	12,012,751	7-40
Broadcast and production equipment	9,689,867	9,666,947	2-10
Office equipment	1,388,149	1,221,981	3-5
Total cost	25,755,980	25,509,963	
Accumulated depreciation	11,975,257	11,053,188	
Net carrying amount	$ 13,780,723	$ 14,456,775	

Depreciation expense was $923,928 for 2016 and $1,073,009 for 2015.

Note 4 - Gift Annuity

The Foundation is party to various gift annuity contracts with donors. Under the terms of the contracts, donors contribute assets in exchange for distributions of a fixed amount for a specified period of time to the donor or other beneficiaries. The present value of the estimated future payments to donors, using a discount rate of between 1.2 and 3 percent, has been included within the "accrued liabilities and other" line of the balance sheet and totaled $142,577 and $115,489 as of June 30, 2016 and 2015, respectively. During the year ended June 30, 2016, the Foundation received $80,000 related to new annuity contracts. The Foundation recognizes the difference between the cash received and the present value of the annuity liability as temporarily restricted contribution revenue. During the year ended June 30, 2016, the Foundation recognized $36,520 of temporarily restricted contribution revenue related to these contracts. No new annuity contracts were entered into during the year ended June 30, 2015.

Note 5 - Equipment Liability

During 2015 the Foundation entered into an agreement, which terminates on June 30, 2021, with an nonrelated party whereby the Foundation is permitted to use equipment owned by the nonrelated party.

At June 30, 2016 and 2015, $381,250 and $450,000 is recorded as an asset included in property and equipment and an equipment liability as reported on the balance sheet. The asset was placed in service in 2016.

Note 6 - Long-term Debt

Bonds payable consist of the following:

Michigan Strategic Fund Variable Rate Demand Limited Obligation Revenue Bonds Series 2005, in the amount of $10,370,000, have an original maturity date of June 1, 2035. The bonds bear interest at a variable rate determined weekly (.47 percent at June 30, 2016), not to exceed 18 percent or the maximum rate permitted by applicable law, at which time the bonds are remarketed. Annual principal payments range from $285,000 to $895,000 through 2024. Beginning in 2008, the bond agreement required the Foundation to make deposits into an escrow account as described in Note 1. At June 30, 2016 and 2015, the balance of the escrow account was $909,773 and $909,985, respectively. The Foundation is also required to maintain a letter of credit, which would fund any draws for bonds which are unable to be remarketed, equal to the balance of the bonds plus 45 days' interest at a maximum rate of 10 percent, not to exceed $10,497,849. Upon a draw on the letter of credit, the loan shall be repaid on the expiration date of the letter of credit in an amount equal to the full unpaid principal amount in accordance with the redemption schedule. Failure to maintain a letter of credit causes the bond to become due on demand. The letter of credit expires on July 16, 2019. The bonds are collateralized by the letter of credit, which is collateralized by substantially all of the assets of the Foundation. In addition, the Foundation is subject to meeting certain financial covenants. The Foundation was in violation of the covenant requirements for the letter of credit for the year ending June 30, 2016. These covenant violations were waived by the bank through June 30, 2016.

On May 15, 2015, the Foundation amended and restated the redemption notice directing the trustee to redeem the bonds based on the minimum principal payment schedule below.

Minimum principal payments on the bonds payable to maturity as of June 30, 2016 are as follows:

Years Ending June 30		Amount
2017		$ 285,000
2018		295,000
2019		305,000
2020		315,000
2021		325,000
2022 and thereafter		1,325,000
	Total	$ 2,850,000

Interest expense for the years ended June 30, 2016 and 2015 was $15,205 and $7,192, respectively.

Note 7 - Line of Credit

The Foundation has available an unsecured line of credit, payable upon demand, which allows the Foundation to borrow up to $1,100,000, with interest at 2.25 percent per annum above the daily adjusting LIBOR, an effective rate of 2.66 and 2.13 percent at June 30, 2016 and 2015, respectively. The line of credit expires on May 10, 2017. There was no outstanding balance against the line of credit at June 30, 2016 or 2015.

Note 8 - Operating Leases

The Foundation leases space for a transmitting antenna and associated equipment to transmit its broadcasting signal in digital format. This is a noncancelable operating lease agreement through June 30, 2019 at variable future minimum monthly lease payments. Beginning in 2003, payments increased based upon the U.S. Department of Commerce's National Consumer Price Index for all urban consumer U.S. city averages. The Foundation also leases other miscellaneous equipment. Monthly payments range from $255 to $10,277 with various expiration dates through 2021. Future minimum payments under these leases with initial or remaining terms of one year or more are as follows:

Years Ending June 30		Amount
2017		$ 161,432
2018		133,329
2019		74,445
	Total	$ 369,206

Rent expense was approximately $171,000 and $172,000 for the years ended June 30, 2016 and 2015, respectively.

Note 9 - Pension Costs

The Foundation has a defined contribution retirement plan covering substantially all full-time employees and part-time employees who meet the qualification criteria. Prior to January 1, 2015, the Foundation contributed 2 percent of each participating employee's annual compensation. Effective January 1, 2015, the Foundation increased its contribution to 3 percent of each participating employee's annual compensation.

Certain employees also participate in a pension plan administered by the Directors Guild of America. The Foundation contributes 5.5 percent of each participating employee's compensation.

The Foundation contributed approximately $161,000 and $142,000 to the two plans during 2016 and 2015, respectively.

Note 10 - Commitments and Contingency

The Foundation has entered into multiple agreements with artists in which the Foundation has rights to manufacture, market, and distribute the artists' products throughout the United States and Canada. The Foundation is also obligated to pay royalties to publishers as a requirement under the copyright act. The Foundation is required to pay such royalties based upon a percentage of proceeds derived from the sales of the products. At June 30, 2016 and 2015, the Foundation accrued approximately $223,000 and $466,000, respectively, in royalties under these agreements.

Note 11 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Foundation's assets measured at fair value on a recurring basis at June 30, 2016 and 2015 and the valuation techniques used by the Foundation to determine those fair values.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Foundation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related assets and liabilities. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

Note 11 - Fair Value Measurements (Continued)

Assets Measured at Fair Value on a Recurring Basis at June 30, 2016

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2016
Assets - Investments:				
Money market	$ 133,194	$ -	$ -	$ 133,194
Mutual funds - Equity investments	1,524,659	-	-	1,524,659
Mutual funds - Fixed-income investments	796,775	-	-	796,775
Mutual funds - Balanced investments	94,933	-	-	94,933
Total assets	$ 2,549,561	$ -	$ -	$ 2,549,561

Assets Measured at Fair Value on a Recurring Basis at June 30, 2015

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2015
Assets - Investments:				
Money market	$ 9,678	$ -	$ -	$ 9,678
Mutual funds - Equity investments	1,631,930	-	-	1,631,930
Mutual funds - Fixed-income investments	782,656	-	-	782,656
Mutual funds - Balanced investments	81,512	-	-	81,512
Total assets	$ 2,505,776	$ -	$ -	$ 2,505,776

Note 12 - Prior Period Adjustment

The accompanying financial statements for 2015 have been restated to correct an error in accounting for certain pledges whereby donors may cancel their monthly pledge at any time. These pledges had previously been reported under the assumption that donor pledges were valid for one year and were recorded as pledges receivable and revenue at inception. Upon review of the pledge terms, the Foundation has concluded that these pledges do not constitute promises to give and should be recorded as revenue when payment is received. The following financial statement line items for fiscal year 2015 were affected by the change:

Statement of Activities and Changes in Net Assets for the Year Ended June 30, 2015

	As Previously Reported	As Restated	Effect of Change
Individual contributions	$ 9,016,448	$ 8,807,714	$ (208,734)
Increase (decrease) in unrestricted net assets	2,984	(205,750)	(208,734)
Net assets - Beginning of year	$ 19,669,687	$ 18,984,391	$ (685,296)

Balance Sheet June 30, 2015

	As Previously Reported	As Restated	Effect of Change
Pledge receivable - Current portion	$ 2,395,175	$ 1,501,145	$ (894,030)
Net assets - Unrestricted	17,913,148	17,019,118	(894,030)

Note 13 - Subsequent Events

The Federal Communications Commission (FCC) is currently in the process of conducting an auction of television broadcast spectrum. The intent of the auction is to free up spectrum used by broadcasters in order to allow wireless service providers to purchase additional spectrum. The auction is being conducted in two parts: a reverse auction and a forward auction. During the reverse auction, the FCC first established a target for how much spectrum it hoped to clear in order to resell spectrum to wireless bidders in the forward auction. It then set the provisional aggregate purchase price for spectrum rights that it needed to acquire from participating broadcasters by offering progressively lower payments through several rounds of bidding. If the FCC is not successful in matching supply of provisionally acquired television spectrum with wireless demand, it proceeds to a new stage of the auction in which it seeks to acquire less television spectrum for resale. The reverse auction provisionally concluded on June 29, 2016 and the forward auction started on August 16, 2016. On August 30, 2016, the FCC announced that the bidding in the forward auction was not sufficient to cover reverse auction provision commitments and that the auction would proceed to a second stage in which the FCC would seek to acquire and resell less spectrum. The second stage commenced on September 13, 2016 by reopening the reverse auction. When the second stage reverse auction concludes, the FCC will conduct a further forward auction. If the total bids in the forward auction cover the provisionally accepted reverse auction bids and other auction related expenses, stations that remained in the bidding at the final round of the reverse auction will receive payments in the amount of the provisional purchase prices. If the total bids in the forward auction do not cover the needed revenue, the FCC will conduct successive further stages of the auction by setting a new clearing target, restarting the reverse auction, and reducing provisionally frozen bids if and as needed to attempt to recover enough spectrum to meet the reduced demand. While there is no deadline, it is generally anticipated that all stages of the auction will be completed during the year that ends June 30, 2017.

In January 2016, the Foundation filed an application with the FCC to participate in the broadcast spectrum auction. The application form allowed participants to choose various options, including selling their spectrum rights and going off the air, selling their spectrum rights and sharing a channel with another broadcaster, or selling their spectrum rights and moving to a different part of the broadcast band. FCC regulations prohibit the Foundation from sharing information until the auction has concluded about the option it chose or the status or results of its application in the reverse auction; however, regardless of the outcome of the auction, the Foundation's public television station will continue to broadcast.

Additional Information

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Independent Auditor's Report on Additional Information

To the Members of the Finance
and Audit Committee
Detroit Educational Television Foundation

We have audited the financial statements of Detroit Educational Television Foundation as of and for the years ended June 30, 2016 and 2015 and have issued our report thereon dated September 28, 2016 which contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The balance sheet by broadcast entity, statement of activities and changes in net assets by broadcast entity, and statement of functional expenses are presented for the purpose 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.

Plante & Moran, PLLC

September 28, 2016

Detroit Educational Television Foundation

Balance Sheet by Broadcast Entity
June 30, 2016
(with comparative totals as of June 30, 2015)

	WTVS	WRCJ	Totals 2016	Totals 2015 (As Restated)
Assets				
Current Assets				
Cash and cash equivalents	$ 2,394,105	$ 644,244	$ 3,038,349	$ 3,478,664
Receivables:				
Trade - Net	588,622	87,548	676,170	629,284
Pledges receivable - Net	1,284,594	56,623	1,341,217	1,501,145
Investments	2,549,561	-	2,549,561	2,505,776
Inventory	12,710	-	12,710	121,227
Intercompany receivable	(3,229,949)	3,229,949	-	-
Restricted cash - Bond payments	285,000	-	285,000	909,985
Prepaid assets and other	199,615	10,751	210,366	320,798
Total current assets	4,084,258	4,029,115	8,113,373	9,466,879
Pledges Receivable - Long term	305,758	60,098	365,856	898,104
Property and Equipment - Net	13,383,567	397,156	13,780,723	14,456,775
Other Assets	92,132	-	92,132	109,406
Total assets	**$ 17,865,715**	**$ 4,486,369**	**$ 22,352,084**	**$ 24,931,164**
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	$ 717,248	$ 78,120	$ 795,368	$ 666,745
Current portion of long-term debt	-	75,000	75,000	75,000
Current portion of long-term bond debt	285,000	-	285,000	895,000
Accrued liabilities and other	1,049,111	36,269	1,085,380	1,290,778
Total current liabilities	2,051,359	189,389	2,240,748	2,927,523
Equipment Liability - Net of current portion	-	306,250	306,250	375,000
Long-term Debt - Net of current portion	2,565,000	-	2,565,000	2,850,000
Total liabilities	4,616,359	495,639	5,111,998	6,152,523
Net Assets				
Unrestricted	11,516,730	3,990,730	15,507,460	17,019,118
Temporarily restricted - Production funding	1,652,606	-	1,652,606	1,679,503
Permanently restricted - Endowment	80,020	-	80,020	80,020
Total net assets	13,249,356	3,990,730	17,240,086	18,778,641
Total liabilities and net assets	**$ 17,865,715**	**$ 4,486,369**	**$ 22,352,084**	**$ 24,931,164**

Detroit Educational Television Foundation

Statement of Activities and Changes in Net Assets by Broadcast Entity
Years Ended June 30, 2016
(with comparative totals for the year ended June 30, 2015)

	WTVS	WRCJ	Totals 2016	Totals 2015 (As Restated)
Changes in Unrestricted Net Assets				
Revenue and support:				
Individual contributions	$ 7,843,206	$ 1,276,991	$ 9,120,197	$ 8,807,714
Retail product sales	518,630	-	518,630	695,648
Productions of local and national programs	2,974,375	-	2,974,375	3,806,935
Corporate contributions	769,243	374,955	1,144,198	1,361,512
Corporation for Public Broadcasting grants	2,431,537	150,051	2,581,588	2,603,628
Foundation contributions	304,495	32,680	337,175	1,084,617
Special events	280,983	35,285	316,268	293,149
Facilities rental	512,606	-	512,606	614,299
Net realized and unrealized gain on investments	(27,156)	-	(27,156)	13,347
Miscellaneous income	53,151	70,149	123,300	260,078
Total revenue and support	15,661,070	1,940,111	17,601,181	19,540,927
Net assets released from restrictions	1,143,552	50,000	1,193,552	1,072,450
Total revenue, support, and net assets released from restrictions	16,804,622	1,990,111	18,794,733	20,613,377
Expenses:				
Program services:				
Communications	1,262,215	67,273	1,329,488	1,223,798
Production	5,826,228	-	5,826,228	6,511,068
Broadcast	4,648,943	1,050,242	5,699,185	5,652,789
Total program service expenses	11,737,386	1,117,515	12,854,901	13,387,655
Support services:				
Administration and general	1,909,255	269,447	2,178,702	2,069,180
Fundraising	4,731,595	541,193	5,272,788	5,472,269
Total expenses	18,378,236	1,928,155	20,306,391	20,929,104
(Decrease) Increase in Unrestricted Net Assets	(1,573,614)	61,956	(1,511,658)	(315,727)
Changes in Temporarily Restricted Net Assets				
Contributions	1,166,655	-	1,166,655	1,182,427
Net assets released from restrictions	(1,143,552)	(50,000)	(1,193,552)	(1,072,450)
Increase in Temporarily Restricted Net Assets	23,103	(50,000)	(26,897)	109,977
(Decrease) Increase in Net Assets	(1,550,511)	11,956	(1,538,555)	(205,750)
Net Assets - Beginning of year (as restated)	14,799,867	3,978,774	18,778,641	18,984,391
Net Assets - End of year	**$ 13,249,356**	**$ 3,990,730**	**$ 17,240,086**	**$ 18,778,641**

Detroit Educational Television Foundation

Statement of Functional Expenses
Year Ended June 30, 2016
(with comparative totals for the year ended June 30, 2015)

	Program Services				Support Services		Total Expenses	
	Communication	Production	Broadcast	Total	Administration	Fundraising	2016	2015
Salaries, benefits, and taxes	$ 736,627	$ 1,514,101	$ 1,242,342	$ 3,493,070	$ 1,496,143	$ 1,584,235	$ 6,573,448	$ 6,659,219
Retail product sales	-	404,104	-	404,104	-	-	404,104	366,423
Royalties	-	66,010	149,470	215,480	-	-	215,480	390,083
Program acquisition	-	-	3,003,823	3,003,823	-	-	3,003,823	2,915,947
Program production	-	3,058,576	-	3,058,576	-	-	3,058,576	3,458,529
Fundraising and events	6,503	-	-	6,503	-	2,585,690	2,592,193	2,542,010
Advertising, outreach, and promotion	225,982	2,554	-	228,536	-	19,500	248,036	307,795
Purchased services	34,751	53,459	378,999	467,209	189,064	67,750	724,023	660,810
Technology and data processing	12,585	21,183	46,828	80,596	10,191	276,300	367,087	335,132
Occupancy	96,417	162,297	437,648	696,362	107,892	107,508	911,762	868,827
Maintenance, repairs, and equipment	41,657	130,872	101,394	273,923	33,734	46,448	354,105	468,357
Postage and shipping	64,257	8,901	2,322	75,480	3,809	145,428	224,717	246,955
Travel	1,481	12,638	11,607	25,726	30,679	18,367	74,772	70,476
Staff training and development	8,984	25,358	10,324	44,666	51,123	17,208	112,997	64,289
Program research and development	5,850	1,000	-	6,850	-	-	6,850	5,644
Stationery and supplies	9,195	14,565	12,066	35,826	59,510	13,913	109,249	108,054
Currency exchange and bank fees	-	1,173	-	1,173	110,832	253,841	365,846	350,756
Miscellaneous	2,842	4,783	1,894	9,519	5,432	3,169	18,120	19,515
Depreciation and amortization	82,357	344,654	300,468	727,479	80,293	133,431	941,203	1,090,283
Total functional expenses	**$ 1,329,488**	**$ 5,826,228**	**$ 5,699,185**	**$ 12,854,901**	**$ 2,178,702**	**$ 5,272,788**	**$ 20,306,391**	**$ 20,929,104**