

AUDITED FINANCIAL STATEMENTS

WMTJ-TV, Channel 40
(A Public Telecommunications Division of
Sistema Universitario Ana G. Méndez, Incorporado)
As of and For the Years Ended July 31, 2020 and 2019
With Report of Independent Auditors



WMTJ-TV, Channel 40
(A Public Telecommunications Division of
Sistema Universitario Ana G. Méndez, Incorporado)

Audited Financial Statements

As of and For the Years Ended July 31, 2020 and 2019

Contents

Report of Independent Auditors.....	1
Audited Financial Statements	
Statements of Financial Position.....	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to Financial Statements.....	5



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Report of Independent Auditors

The Board of Directors of
Sistema Universitario Ana G. Méndez, Incorporado

We have audited the accompanying financial statements of WMTJ-TV, Channel 40 (the “Channel”) (a public telecommunications division of Sistema Universitario Ana G. Méndez, Incorporado) (the “Institution”), which comprise the statements of financial position as of July 31, 2020 and 2019, and the related statements of activities 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 conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of 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. 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WMTJ-TV, Channel 40 (a public telecommunications division of Sistema Universitario Ana G. Méndez, Incorporado) as of July 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

March 15, 2021

Stamp No. E426739 of the Puerto Rico
Society of Certified Public Accountants
was affixed to original of this report.

WMTJ-TV, Channel 40
(A Public Telecommunications Division of
Sistema Universitario Ana G. Méndez, Incorporado)

Statements of Financial Position

	July 31	
	2020	2019
Assets		
Cash	\$ 175	\$ 175
Receivables:		
Trade	23,682	22,560
Grants	259,490	325,157
	283,347	347,892
Prepaid expenses	154,199	141,938
Property and equipment, net	3,006,301	1,375,660
Total assets	\$ 3,443,847	\$ 1,865,490
 Liabilities and division account		
Liabilities:		
Contracts payable	\$ -	\$ 10,101
Accounts payable and other liabilities	379,432	513,852
Obligation under capital leases	1,635	12,563
Due to Sistema Universitario Ana G. Méndez, Incorporado	776,200	844,200
	1,157,267	1,380,716
 Division account -net assets without donor restrictions	2,286,580	484,774
Total liabilities and division account	\$ 3,443,847	\$ 1,865,490

See accompanying notes.

WMTJ-TV, Channel 40
(A Public Telecommunications Division of
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Statements of Activities

	Year Ended July 31	
	2020	2019
Revenues and other support:		
Contributions	\$ 163,464	\$ 25,462
Indirect administrative support	334,460	437,702
Federal and state grants and contracts	715,590	1,799,288
Telecasting, production and other income	814,446	965,942
Total revenues and other support	2,027,960	3,228,394
Expenses:		
Program services:		
Programming and production	12,971	37,175
Broadcasting	626,313	869,687
Total program services	639,284	906,862
Supporting services:		
Management and general expenses, including depreciation and amortization of \$579,316 and \$550,379 in 2020 and 2019, respectively, and interest expense of \$38,302 and \$44,988 in 2020 and 2019, respectively	1,838,654	2,298,180
Instruction	129,338	200,874
Total supporting services	1,967,992	2,499,054
Total expenses	2,607,276	3,405,916
Change in division account - unrestricted	(579,316)	(177,522)
Division account -net assets without donor restrictions at beginning of year	484,774	(208,737)
Net transfers from Sistema Universitario Ana G. Méndez, Incorporado	2,381,122	871,033
Division account -net assets without donor restrictions at end of year	\$ 2,286,580	\$ 484,774

See accompanying notes.

WMTJ-TV, Channel 40
(A Public Telecommunications Division of
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Statements of Cash Flows

	Year Ended July 31	
	2020	2019
Operating activities		
Change in division account - without donor restrictions	\$ (579,316)	\$ (177,522)
Adjustments to reconcile change in division account - without donor restrictions to net cash provided by operating activities:		
Depreciation and amortization	579,316	550,379
Bad debt expense	275,183	5,826
Changes in operating assets and liabilities:		
Trade receivable	(276,304)	11,313
Grants receivable	65,667	18,102
Prepaid expenses	(12,261)	(9,169)
Contracts payable	(10,101)	10,101
Accounts payable and other liabilities	(134,420)	(861,889)
Due to Sistema Universitario Ana G. Méndez, Incorporated	(78,928)	(81,512)
Net transfers from Sistema Universitario Ana G. Méndez, Incorporated	2,381,122	871,033
Net cash provided by operating activities	2,209,958	336,662
Investing activities		
Purchase of property and equipment	(2,209,958)	(336,687)
Cash at beginning of year	175	200
Cash at end of year	\$ 175	\$ 175
Disclosure of cash flow information		
Interest paid	\$ -	\$ -

WMTJ-TV, Channel 40
(A Public Telecommunications Division of
Sistema Universitario Ana G. Méndez, Incorporado)

Notes to Financial Statements

July 31, 2020

1. Organization and Summary of Significant Accounting Policies

Organization

WMTJ-TV, Channel 40 (the “Channel”) is a noncommercial public television station operating from Fajardo, Puerto Rico, including its retransmitting station WQTO-Channel 26 in Ponce. The Channel is a public telecommunications division of Sistema Universitario Ana G. Méndez, Incorporado (“SUAGM” or the “Institution”), a private, nonprofit, educational institution incorporated under the laws of the Commonwealth of Puerto Rico and licensed by the Federal Communications Commission.

The accompanying financial statements present the assets and liabilities, and changes in division account - unrestricted net assets of only that portion of the Institution that is attributable to the transactions of the Channel. These financial statements have been prepared from the separate records maintained by the Channel and may not necessarily be indicative of the conditions that would have existed or the changes in net assets if the Channel had operated as an unaffiliated entity. Portions of certain revenues and expenses represent allocations made from Institution items applicable to the Channel as a whole. SUAGM performs all cash management functions on behalf of the Channel. Accordingly, all payments and collections are handled by SUAGM.

The summary of significant accounting policies followed by the Channel is set forth below:

Receivables and Allowance for Doubtful Accounts

Receivables are reported at the estimated net realizable amount. An allowance for doubtful accounts is provided, if necessary, based upon management’s judgment including factors such as prior collection history and nature of accounts receivable.

Basis of Presentation

Net assets, revenues, expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the division account of the Channel and changes therein are classified as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

WMTJ-TV, Channel 40
(A Public Telecommunications Division of
Sistema Universitario Ana G. Méndez, Incorporado)

Notes to Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations (donors include other types of contributors, including makers of certain grants). Some donor-imposed restrictions are temporary in nature that may or will be met, either by actions of the Institution and/or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenues from sources other than contributions are reported as increases in unrestricted net assets. Contributions are reported as increases in the appropriate category of net assets, except that contributions which impose restrictions that are met in the same fiscal year they are received are included in unrestricted revenue. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions recognized on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications from temporarily restricted net assets to unrestricted net assets. Temporary restrictions on gifts to acquire long-lived assets are considered met in the period in which the assets are acquired or placed in service.

The Channel does not have any temporarily or permanently restricted net assets.

Liquidity and Availability of Resources

As of July 31, 2020 and 2019, financial assets available within one year for general expenditure, such as operating expenses, scheduled principal payments on debt, and capital construction costs not financed with debt, were as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 175	\$ 175
Accounts receivable, net	283,172	347,717
Financial assets available within one year for general expenditures	<u>\$ 283,347</u>	<u>\$ 347,892</u>

WMTJ-TV, Channel 40
(A Public Telecommunications Division of
Sistema Universitario Ana G. Méndez, Incorporado)

Notes to Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Liquidity and Availability of Resources (continued)

In addition to these available financial assets, a significant portion of the Channel's annual expenditures will be funded by current year operating revenues, including grants and contracts, and auxiliary operations. As part of the Channel's liquidity management strategy, the Channel structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Because the Channel is a division of SUAGM, the Channel has the support from the Institution, which will provide the Channel with the required capital to meet its obligations, if needed.

Contributions

Contributions, including unconditional promises to give, are recorded as revenue in the period received. Contributions received with donor-imposed restrictions that are met in the same fiscal year are reported as revenue from net assets without donor restrictions. Conditional promises to give are not recognized as revenue until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of gift. Contributions to be received after one year are discounted, if practicable, at an appropriate discount rate commensurate with the risk involved.

An allowance for uncollectible contributions receivable is provided, if necessary, based upon management's judgment including factors such as prior collection history, type of contribution and nature of fund-raising activity.

Functional Expense Allocation

Expenses are reported in the statements of activities in categories recommended by the National Association of College and University Business Officers. The Institution's primary program services are instruction, research and public service. Expenses reported as academic support, student services and auxiliary enterprises are incurred in support of the Institution's primary program. Institutional support mainly includes management and general expenses. Certain expenses such as operation and maintenance of plant, depreciation, amortization and interest costs, which are related to more than one category, are allocated among the appropriate categories based primarily on equipment usage and building square footage, as appropriate.

WMTJ-TV, Channel 40
(A Public Telecommunications Division of
Sistema Universitario Ana G. Méndez, Incorporado)

Notes to Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Functional Expense Allocation (continued)

Channel 40's functional expenses by natural classification for the year ended July 31, 2020, are as follows:

Accounts	Programming and Production	Broadcasting	Management and General	Instruction	Total
Salaries	\$ —	\$ 276,261	\$ —	\$ 55,561	\$ 331,822
Services	(3,022)	19,759	(524)	40,557	56,770
Operation and maintenance		29,721	479,141		508,862
Fringe benefits and payroll taxes	15,993	73,858	38,206	17,698	145,755
Depreciation	—	—	579,316	—	579,316
Indirect support	—	—	334,461	—	334,461
General appropriation	—	—	94,867	—	94,867
Miscellaneous	—	3,936	275,184	—	279,120
Interest	—	—	37,039	—	37,039
Occupancy	—	191,821	472		192,293
Other facilities and administrative	—	685	492	—	1,177
Conferences and travel	—	1,458	—	4,359	5,817
Minor PP&E	—	28,743	—	1,029	29,772
Student scholarships and other	—	—	—	7,641	7,641
Materials and supplies	—	71	—	2,493	2,564
	<u>\$ 12,971</u>	<u>\$ 626,313</u>	<u>\$ 1,838,654</u>	<u>\$ 129,338</u>	<u>\$2,607,276</u>

Appropriations from Sistema Universitario Ana G. Méndez, Incorporado

The general appropriation of the Institution to the operation of the Channel represents the amount required to pay for certain expenses incurred and not supported by the revenue generated by the Channel and the amount required for the acquisition of property and equipment.

United States Government Grants and Contracts Revenue

Revenue from United States government grants and contracts is recognized upon incurring allowable expenditures in accordance with the grant agreements

WMTJ-TV, Channel 40
(A Public Telecommunications Division of
Sistema Universitario Ana G. Méndez, Incorporado)

Notes to Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment is stated at cost at the date of acquisition or fair value at date of donation in the case of gifts. Depreciation and amortization are provided using the straight-line method over the estimated useful life of the respective assets, as follows:

	<u>Useful Life</u>
Improvements	15 to 50 years
Antenna, transmitter and other broadcasting equipment	10 to 50 years
Software	7 years
Equipment	5 years
Furniture and fixtures	5 years
Vehicles	5 years

Equipment held under capital leases is amortized over the useful life of the asset or the lease term, whichever is shorter. All construction in progress is carried in a temporary account until the construction is completed; at which time a transfer is made to the appropriate property, plant or equipment account.

Cost Incurred for Programs not Yet Broadcasted

Costs associated with license agreements for program materials not yet broadcasted are deferred and presented at amortized cost. As the programs are broadcasted, the costs incurred are charged as expenses using the straight-line method based on the estimated number of showings.

Indirect Administrative Support

A portion of the Institution's general overhead costs relates to and benefits the Channel. Such items include administration, utilities, maintenance and repairs. The costs of these services have been allocated to the Channel and are reported under supporting services management and general expenses in the accompanying statements of activities.

WMTJ-TV, Channel 40
(A Public Telecommunications Division of
Sistema Universitario Ana G. Méndez, Incorporado)

Notes to Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Use of Estimates

Management of the Institution has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with U.S. generally accepted accounting principles. Actual results could differ from those estimates.

Leases

A lease which transfers substantially all of the benefits and risk incidental to ownership of property is classified as a capital lease and recorded as the acquisition of an asset and the assumption of an obligation. All other are accounted for as operating leases wherein rental payments are expensed as incurred.

Impairment

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable and exceed its fair value. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the long-lived assets exceeds its fair value

Deferred Revenues

The Channel has deferred revenues of approximately \$39,000 and \$71,000 as of July 31, 2020 and 2019, respectively. Deferred revenues consist of cash received in advance on contracts the Institution has on behalf of the Channel with third parties, mainly related to the lease of excess broadband capacity.

Income Taxes

The Institution, as a nonprofit organization, is exempt from the payment of income taxes under U.S. Internal Revenue Code Section 501(c)(3) and the Puerto Rico Internal Revenue Code Section 1101.01(a)(2).

WMTJ-TV, Channel 40
(A Public Telecommunications Division of
Sistema Universitario Ana G. Méndez, Incorporado)

Notes to Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Income Taxes (continued)

The Institution is also exempt from the payment of taxes on property devoted to education.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02 that amends the guidance for accounting and disclosure of leases. This new standard requires that lessees recognize the asset and liabilities that arise from leases on the balance sheet, including leases classified as operating leases under current GAAP, and disclose qualitative and quantitative information about leasing agreements. The amendments in this Update are effective for annual financial statements issued for fiscal years beginning after December 15, 2019. Early application of the amendments in this Update is permitted for all entities. The Board issued a proposal that would defer the effective date of the new leases standard by one year for entities other than public business entities, not-for-profit entities that are conduit bond obligors and employee benefit plan that file or furnish financial statements with or to the Securities and Exchange Commission (SEC). For affected entities, the standard would be effective for fiscal years beginning after December 15, 2021 and interim periods within fiscal years beginning after December 15, 2022. The Channel is currently in the process of evaluating the impact of the adoption of ASU 2016-02 on its financial statements and related disclosures.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework —Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements on fair value measurements. The new standard is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. The Institution is currently in the process of evaluating the impact of the adoption of ASU 2018-13 on its financial statements.

WMTJ-TV, Channel 40
(A Public Telecommunications Division of
Sistema Universitario Ana G. Méndez, Incorporado)

Notes to Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements (continued)

In March 2019, the FASB issued ASU 2019-03, *Not-for-Profit Entities* (Topic 958): Updating the Definition of Collections. The amendments in this Update modify the definition of the term collections, allowing the proceeds from the sale of collection items to be used to support the direct care of existing collections in addition to the current requirement that proceeds from sales of collection items be used to acquire other items for collections. The Update is effective for annual financial statements issued for fiscal years beginning after December 15, 2019. Early application is permitted and should be applied on a prospective basis. The Channel is currently in the process of evaluating the impact of the adoption of ASU 2019-03 on its financial statements.

Subsequent Events

The Channel evaluates subsequent events and the evidence they provide about conditions existing at the date of the statements of financial position as well as conditions that arose after the statements of financial position date, but before the financial statements are issued. The effect of conditions that existed at the date of the statements of financial position date is recognized in the financial statements. Events and conditions arising after the statements of financial position date, but before the financial statements are issued, are evaluated to determine if disclosure is required to keep the financial statements from being misleading. To the extent such events and conditions exist, disclosures are made regarding the nature of events and the estimated financial effects for those events and conditions. For purposes of preparing the accompanying financial statements and the following notes to these financial statements, the Channel evaluates subsequent events through the date the financial statements are available to be issued.

WMTJ-TV, Channel 40
(A Public Telecommunications Division of
Sistema Universitario Ana G. Méndez, Incorporado)

Notes to Financial Statements (continued)

2. Property and Equipment, net

Property and equipment at July 31, 2020 and 2019, are summarized as

	2020	2019
Land	\$ 298,404	\$ 298,404
Antenna, transmitter and other broadcasting equipment	14,858,504	12,648,546
Furniture and fixtures	430,503	430,503
Vehicles	174,885	174,885
Software	27,717	27,717
Equipment	1,993,889	1,998,198
Improvements	3,357,662	3,357,662
Total	21,141,564	18,935,915
Less accumulated depreciation and amortization	18,135,263	17,560,255
Property and equipment, net	\$ 3,006,301	\$ 1,375,660

3. Due to Sistema Universitario Ana G. Méndez, Incorporado

Due to Sistema Universitario Ana G. Méndez, Incorporado at July 31, 2020 and 2019, represents an allocation of amounts borrowed by the Institution and used for the purchase of equipment for the Channel's ITF Tower project. Outstanding balances are amortized once the related payments of the long-term debt are made by the Institution. Interest charged in 2020 and 2019, amounted to approximately \$38,000 and \$45,000, respectively.

On June 27, 2012, the Institution entered into a loan agreement with AFICA under which AFICA issued \$78,380,000 in Higher Education Revenue Bonds ("AFICA 2012"). The net proceeds from these loans have been and are being used to: (a) provide financing for the construction, improvement and equipping of certain educational facilities owned by the Institution; (b) refund all of AFICA 1998 bonds, of which \$15,100,000 were outstanding at the refund date, and all of AFICA 1999 bonds, of which \$31,620,000 were outstanding at the refund date; (c) fund a deposit to AFICA 2012 Reserve Account in satisfaction of the Reserve Requirement; (d) pay capitalized interest on a portion of AFICA 2012 for a period of 24 months; and (e) pay certain expenses of the offering of the bonds.

WMTJ-TV, Channel 40
(A Public Telecommunications Division of
Sistema Universitario Ana G. Méndez, Incorporado)

Notes to Financial Statements (continued)

3. Due to Sistema Universitario Ana G. Méndez, Incorporado (continued)

Allocated debt from SUAGM is as follows:

	2020	2019
Higher Education Revenue Bonds	\$776,200	\$844,200

Aggregate maturities on the allocated debt from SUAGM is summarized below:

Year Ending July 31,	Amount
2021	\$ 70,400
2022	73,800
2023	77,600
2024	81,400
2025	85,400
Thereafter	387,600
Total	\$ 776,200

4. Leases

The Channel has various operating leases, for certain properties and facilities, some of which include escalation clauses. For the years ended July 31, 2020 and 2019, rent expense amounted to approximately \$192,000 and \$196,000, respectively. At July 31, 2020, the future minimum lease payments, under no cancelable operating leases related to certain properties and facilities, are as follows:

2021	\$ 43,800
2022	43,800
2023	5,400
2024	5,400
2025	5,400
Total minimum lease payments	\$ 103,800

The Institution is obligated under capital leases for vehicle that expire during the next five years.

WMTJ-TV, Channel 40
(A Public Telecommunications Division of
Sistema Universitario Ana G. Méndez, Incorporado)

Notes to Financial Statements (continued)

4. Leases (continued)

At July 31, 2020 and 2019, the gross amount of vehicle and the related accumulated amortization recorded under capital leases and included in property, plant and equipment in the accompanying consolidated statements of financial position is as follows:

	2020	2019
Vehicle	\$ 44,014	\$ 80,237
Less accumulated amortization	42,547	67,552
Vehicle, net	\$ 1,467	\$ 12,685

Amortization of vehicle under capital leases and interest expense are included in accompanying consolidated statements of activities.

Future minimum capital lease payments as of July 31, 2020, are as follow:

2021	\$ 1,645
2022	—
Total minimum lease payments	1,645
Less amount representing interest (at rates 5.49%)	9
Net minimum capital lease payments	\$ 1,636

5. Federal and State Grants and Contracts

In 2020 and 2019, the Channel received grants from the Corporation for Public Broadcasting amounting \$591,000 and \$946,000, respectively. These grants are to support the operations of the Channel, to finance the production of programs, and to support other telecommunication activities. These grants are included in federal and state grants and contracts under revenues and other support in the accompanying statements of activities. Certain guidelines must be satisfied in connection with the application for and use of the grants to maintain eligibility and compliance requirements. These grants are subject to audits. Such audits could result in claims against the resources of the Institution. No provision has been made for any liability, which may arise from such audits since amounts, if any, cannot be determined at this date.

WMTJ-TV, Channel 40
(A Public Telecommunications Division of
Sistema Universitario Ana G. Méndez, Incorporado)

Notes to Financial Statements (continued)

6. Employee Benefit Plans

The Channel employees are participants of the Institution's contributory defined benefit pension plan and defined contribution savings and investment plan. Pension cost allocated to the Channel during the years ended July 31, 2020 and 2019, amounted \$16,000 and \$28,000, respectively, and is included in management and general expenses in the accompanying statements of activities.

7. Subsequent Events

In connection with the preparation of the financial statements and in accordance with ASC 855, *Subsequent Events*, management has evaluated and reviewed the affairs of the Channel for subsequent events that would impact the financial statements for the years ended July 31, 2020 and 2019, through March 15, 2021, the date the financial statements were issued. Management is not aware of any subsequent event that could significantly impact the financial statements.

On July 31, 2019 the institution entered into an agreement with a third party for the sale of certain Educational Broadband Service licenses ("EBS licenses"). This transaction is subject to the Federal Communications Commission ("the FCC") order date July 11, 2019 that amends certain rules applicable to EBS licenses ("the Order"). Among other things, the Order deletes Section 27.1201 of the FCC's Rule, the effect of which is to permit commercial entities to acquire EBS licenses, once the rule changes adopted in the Order become effective. On October 8, 2020 the Institution executed the closing documents, the assignment of the FCC licenses and terminated the lease agreement of the EBS licenses. As a result of this, SUAGM received proceeds for \$3,800,000. No revenue or obligation was recorded by SUAGM at July 31, 2020.

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local and global economies. While the full impact to the Institution cannot be quantified reliably, the Institution's performance subsequent to the balance sheet date is likely to be negatively impacted as a result of quarantine and/or illness of employees, loss of students, supply chain disruptions, and other forms of interruptions to business. Management is closely monitoring the situation. The overall effect of these events on the Institution and its operations is too uncertain to be estimated at this time. The impacts will be accounted for when they are known and may be assessed.

WMTJ-TV, Channel 40
(A Public Telecommunications Division of
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Notes to Financial Statements (continued)

7. Subsequent Events (continued)

On August 20, 2020 the Institution received proceeds amounted to approximately \$1,300,000 related to the Channel business interruption losses caused by hurricane Maria during the fiscal year ended July 31, 2018. No revenue or obligation was recovered by SUAGM at July 31, 2020 regarding this transaction.

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