

To: Public Television Station Chief Executives

From: Affinity Coalition Group

Date: January 9, 2012

Re: Station Financial Stress Test

The level of uncertainty and risk in public television's operating environment has increased significantly. Previously stable and predictable funding sources have become far less so, putting additional pressure on the finances of stations.

Awareness and understanding of your own station's financial situation is even more important today because there is much less margin for error.

The Affinity Coalition Group, with help from Patricia Lanas-Espinosa and Kevin Martin of CPB, developed a financial "stress test" to help. This tool allows you to input your own station's audited financial data and to easily measure how you are performing against standard accepted financial benchmarks.

This tool runs on an Excel spreadsheet and there is no reporting of data to the AGC, CPB or any other third party. It's strictly a tool for the use of station management and boards in evaluating their own financial circumstances.

This tool includes financial ratios of liquidity and debt, and an analysis of operating results. This tool was developed to assist you in making a quick assessment of your station's financial situation and short-term projections of operating results. You should use your station's audited financial statements as the basis for this analysis.

This tool also includes an assessment of minimum NFFS based on current GSG eligibility requirements. You should use your Annual Financial Report as the basis for this assessment and for projected NFFS you should use documented assumptions. (For stations with Non-Federal Financial Support that is both stable and in excess of \$1 million, this particular aspect of the tool will be of limited value).

Financial ratios can be a useful indicator of performance and financial situation. Please note that financial ratios are subject to the limitations of accounting methods and different accounting choices may result in significantly different ratio values.

When you launch the spreadsheet, be sure to click "enable macros" when prompted. These macros allow the spreadsheet to calculate the financial ratios and to display them for you.

Please use ONLY the "Input" tab to input the data and review the analysis. Financial ratios and charts will automatically be generated when you do this as well as comparisons to standard financial benchmarks. This information can be used as a complement to your audited financial statements to inform your financial decision making process.

While we hope that this tool is both helpful and straightforward, you may

If you have questions about the "stress test" or how to interpret the results, Anita Sims, NETA Vice President of Finance has offered to help. You can reach her at 803.799.5517, ext. 103.