



**NEW HAMPSHIRE PUBLIC BROADCASTING**

**Financial Report**

**June 30, 2015**

## **CONTENTS**

<b>Independent Auditors' Report</b>	<b>1</b>
<b>Statements of Financial Position</b>	<b>3</b>
<b>Statements of Activities</b>	<b>4</b>
<b>Statements of Cash Flows</b>	<b>6</b>
<b>Notes to Financial Statements</b>	<b>7</b>
<b>Schedules of Functional Expenses</b>	<b>17</b>

## **Independent Auditors' Report**

Board of Directors  
New Hampshire Public Broadcasting  
Durham, New Hampshire

## **Report on the Financial Statements**

We have audited the accompanying financial statements of New Hampshire Public Broadcasting (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, 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 accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 audits evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Board of Directors  
New Hampshire Public Broadcasting

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Hampshire Public Broadcasting as of June 30, 2015 and 2014, 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.

### **Other Matter**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 17 and 18 are presented for purposes 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 audits 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.

*Maspage LLC*

South Portland, Maine  
January 29, 2016

## Statements of Financial Position

June 30,

ASSETS	2015	2014
<b>Current Assets</b>		
Cash and cash equivalents	\$ 580,316	\$ 922,038
Accounts receivable, net	122,715	112,700
Pledges receivable, net	70,078	26,286
Prepaid expenses	7,817	26,137
<b>Total Current Assets</b>	<u>780,926</u>	<u>1,087,161</u>
<b>Property and Equipment, Net</b>	<u>2,897,901</u>	<u>3,242,591</u>
<b>Other Assets</b>		
Investments	1,537,542	1,600,262
Beneficial interest in split interest agreement	30,755	31,025
Beneficial interest in perpetual trusts	1,531,999	1,561,169
<b>Total Other Assets</b>	<u>3,100,296</u>	<u>3,192,456</u>
<b>Total Assets</b>	<u>\$ 6,779,123</u>	<u>\$ 7,522,208</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 837,918	\$ 850,267
Accrued vacation	145,437	136,918
Deferred revenue	39,749	105,765
Short-term portion of loan payable	7,096	
<b>Total Current Liabilities</b>	<u>1,030,200</u>	<u>1,092,950</u>
<b>Long-Term Liabilities</b>		
Obligations under life income agreement		1,165
Long-term portion of loan payable	25,131	
<b>Total Long-Term Liabilities</b>	<u>25,131</u>	<u>1,165</u>
<b>Total Liabilities</b>	<u>1,055,331</u>	<u>1,094,115</u>
<b>Net Assets</b>		
Unrestricted	4,090,960	4,778,968
Temporarily restricted	100,833	87,956
Permanently restricted	1,531,999	1,561,169
<b>Total Net Assets</b>	<u>5,723,792</u>	<u>6,428,093</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 6,779,123</u>	<u>\$ 7,522,208</u>

## Statement of Activities

Year Ended June 30, 2015	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Operating Revenues and Support</b>				
Membership	\$ 2,524,391			\$ 2,524,391
Corporation for Public Broadcasting	1,262,343			1,262,343
Contributions	238,446	\$ 320,111		558,557
Auction	344,907			344,907
Underwriting		447,625		447,625
Rental income	700,325			700,325
Other operating revenue	139,117			139,117
Investment income	67,727			67,727
Net assets released from restrictions	754,589	(754,589)		
<b>Total Operating Revenues and Support</b>	<b>6,031,845</b>	<b>13,147</b>	<b>\$ -</b>	<b>6,044,992</b>
<b>Operating Expenses</b>				
Program service				
Programming and production	2,316,344			2,316,344
Broadcasting	1,345,498			1,345,498
Program information	65,825			65,825
	<u>3,727,667</u>			<u>3,727,667</u>
Supporting service				
Fund raising and membership development	1,787,798			1,787,798
Management and general	1,148,270			1,148,270
	<u>2,936,068</u>			<u>2,936,068</u>
<b>Total Operating Expenses</b>	<b>6,663,735</b>			<b>6,663,735</b>
<b>Changes in Net Assets from Operations</b>	<b>(631,890)</b>	<b>13,147</b>	<b>-</b>	<b>(618,743)</b>
<b>Non-Operating Activities</b>				
Investment losses	(56,118)			(56,118)
Change in value of beneficial interest in split interest agreement		(270)		(270)
Change in value of beneficial interest in perpetual trusts			(29,170)	(29,170)
<b>Changes in Net Assets - Non-Operating</b>	<b>(56,118)</b>	<b>(270)</b>	<b>(29,170)</b>	<b>(85,558)</b>
<b>Change in Net Assets</b>	<b>(688,008)</b>	<b>12,877</b>	<b>(29,170)</b>	<b>(704,301)</b>
<b>Net Assets, Beginning of Year</b>	<b>4,778,968</b>	<b>87,956</b>	<b>1,561,169</b>	<b>6,428,093</b>
<b>Net Assets, End of Year</b>	<b>\$ 4,090,960</b>	<b>\$ 100,833</b>	<b>\$ 1,531,999</b>	<b>\$ 5,723,792</b>

**Statement of Activities****Year Ended June 30, 2014**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Operating Revenues and Support</b>				
Membership	\$ 2,246,021			\$ 2,246,021
Corporation for Public Broadcasting	1,210,779			1,210,779
Contributions	411,718	\$ 61,375		473,093
Auction	373,989			373,989
Underwriting		379,441		379,441
Government grants		36,554		36,554
Rental income	603,190			603,190
Other operating revenue	234,140			234,140
Investment income	65,623			65,623
Net assets released from restrictions	493,647	(493,647)		
<b>Total Operating Revenues and Support</b>	<u>5,639,107</u>	<u>(16,277)</u>	<u>-</u>	<u>5,622,830</u>
<b>Operating Expenses</b>				
Program service				
Programming and production	2,379,882			2,379,882
Broadcasting	1,142,621			1,142,621
Program information	176,630			176,630
	<u>3,699,133</u>			<u>3,699,133</u>
Supporting service				
Fund raising and membership development	1,635,960			1,635,960
Management and general	1,100,554			1,100,554
	<u>2,736,514</u>			<u>2,736,514</u>
<b>Total Operating Expenses</b>	<u>6,435,647</u>			<u>6,435,647</u>
<b>Changes in Net Assets from Operations</b>	<u>(796,540)</u>	<u>(16,277)</u>		<u>(812,817)</u>
<b>Non-Operating Activities</b>				
Investment gains	174,298			174,298
Change in value of beneficial interest in split interest agreement		1,638		1,638
Change in value of beneficial interest in perpetual trusts			134,121	134,121
<b>Changes in Net Assets - Non-Operating</b>	<u>174,298</u>	<u>1,638</u>	<u>134,121</u>	<u>310,057</u>
<b>Change in Net Assets</b>	(622,242)	(14,639)	134,121	(502,760)
<b>Net Assets, Beginning of Year</b>	<u>5,401,210</u>	<u>102,595</u>	<u>1,427,048</u>	<u>6,930,853</u>
<b>Net Assets, End of Year</b>	<u>\$ 4,778,968</u>	<u>\$ 87,956</u>	<u>\$ 1,561,169</u>	<u>\$ 6,428,093</u>

## Statements of Cash Flows

Year Ended June 30,

	2015	2014
<b>Cash flows from operating activities:</b>		
Change in net assets	<u>\$ (704,301)</u>	<u>\$ (502,760)</u>
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	674,397	616,847
(Gain) loss on investments	56,118	(174,298)
Loss on disposal of assets	3,044	3,161
Provisions for allowance for doubtful accounts	21,848	15,398
Change in value of beneficial interest in split interest agreements & perpetual trusts	29,440	(135,759)
(Increase) decrease in operating assets:		
Accounts receivable	(101,941)	(16,590)
Pledges receivable	26,286	3,677
Prepaid expenses and other assets	18,320	9,076
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(12,349)	476,859
Accrued vacation	8,519	(103,117)
Deferred revenue	(66,016)	25,523
Total adjustments	<u>657,666</u>	<u>720,777</u>
<b>Net cash flows from operating activities</b>	<u>(46,635)</u>	<u>218,017</u>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(294,902)	
Proceeds from sale of property and equipment		12,183
Purchases of investments	(1,554,118)	
Proceeds from the sale of investments	<u>1,560,720</u>	
<b>Net cash flows from investing activities</b>	<u>(288,300)</u>	<u>12,183</u>
<b>Cash flows from financing activities</b>		
Payments of life income obligations	(1,165)	(1,823)
Payments on note payables	(5,622)	(350,000)
<b>Net cash flows from financing activities</b>	<u>(6,787)</u>	<u>(351,823)</u>
<b>Change in cash and cash equivalents</b>	<b>(341,722)</b>	<b>(121,623)</b>
<b>Cash and cash equivalents, beginning of year</b>	<u><b>922,038</b></u>	<u>1,043,661</u>
<b>Cash and cash equivalents, end of year</b>	<u><b>\$ 580,316</b></u>	<u>\$ 922,038</u>
<b>Supplemental disclosures of cash flow information:</b>		
<b>Cash paid during the year for:</b>		
Income taxes	\$ 145,297	\$ 154,292
Interest	31,532	11,998



## Notes to Financial Statements

June 30, 2015 and 2014

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Organization

New Hampshire Public Broadcasting (NHPB) consists of a flagship station, Channel 11 of Durham, and two satellite stations, Channel 49 of Keene and Channel 48 of Littleton. In addition, two automated translators, Channel 15 of Hanover and Channel 18 of Pittsburg, carry NHPB programs to the Upper Valley and Upper Coos County, respectively.

The programming, production, administrative, development, and business offices of NHPB are located in the Durham facility.

Effective July 1, 2012 NHPB revised its by-laws and disaffiliated from the University System of New Hampshire (USNH) to become an independent community service organization. This change in governance was authorized by the USNH Board of Trustees by unanimous vote, during the spring of 2012. The reorganization of NHPB has been determined to be in the best interests of both USNH and NHPB. It provides NHPB with needed flexibility in an industry full of change and opportunity. An application to transfer the broadcast license from USNH to NHPB was filed with the Federal Communications Commission (FCC) at the time of disaffiliation and was approved by the FCC in 2014. Title to all cash and personal property assets was transferred to NHPB on July 1, 2012, and a 100-year ground lease was granted by the owner of the land, the University of New Hampshire (UNH), for the land that the Durham, NH Broadcast Center building resides on.

In connection with the reorganization, NHPB has entered into a five-year service agreement with the Boston, Massachusetts based public television organization, WGBH, to provide services in the areas of broadcast technology, membership service, and certain financial administration.

#### Basis of Accounting

NHPB's financial statements have been prepared using the accrual method of accounting.

#### Basis of Presentation

NHPB is required to report information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of NHPB and/or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by NHPB.

## Notes to Financial Statements

June 30, 2015 and 2014

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances at year-end. Management provides for probable uncollectible amounts on the reserve method based on historical experience and management's evaluation of outstanding accounts receivable at the end of each year. Balances that are uncollectible after management has used reasonable collection efforts are written off and charged to the valuation allowance. The allowance for uncollectible accounts was \$17,413 and 14,751 as of June 30, 2015 and 2014, respectively.

#### Pledges Receivable

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Pledges receivable expected to be received after more than one year are discounted to the present value of their future cash flows using a risk adjusted rate of return after providing an allowance for uncollectible pledges.

#### Property and Equipment

Property and equipment are recorded at cost or, in the case of donated property, at their fair value on the date of receipt. Depreciation is provided over the estimated useful lives of the assets using the straight line method. The estimated useful lives of the assets are as follows:

	<u>Years</u>
Buildings and improvements	10-30
Equipment	3-30

## Notes to Financial Statements

June 30, 2015 and 2014

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### Donated Assets

Donated marketable securities and other noncash donations are recorded at their estimated fair values at the date of donation.

Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, NHPB reports expirations of donor restrictions when the donated or acquired assets are placed in service. NHPB reclassifies temporarily restricted net assets to unrestricted net assets at that time.

#### Investments

In June 2015, NHPB transferred its investments from USNH to a brokerage account. The funds were held in a money market fund and invested in securities in early July 2015.

Prior to the transfer, the endowment funds were invested in an investment pool with USNH. NHPB had an agreement with USNH to manage these funds. The investments were measured at fair value by USNH and reported to NHPB at a value per unit.

Income and net appreciation or losses on investments of endowment and similar funds are reported as follows: Increases in temporarily restricted net assets if the terms of the gift or NHPB's interpretation of relevant state law impose restrictions on the use of the income; or as increases in permanently restricted net assets if the terms of the gift requires that they be added to the principal of a permanent endowment fund; or as increases in unrestricted net assets in all other cases.

NHPB's investment policy and spending policy for long-term investments is as follows:

*Investment and Return Objectives:* The endowment is invested primarily with the objective to achieve a long-term rate of return sufficient to fund a portion of annual operating activities and to preserve purchasing power of the investments in perpetuity.

*Risk Tolerance:* The endowment investments managed by USNH were uninsured and uncollateralized against credit risk. The USNH and NHPB investment policies mitigate the risk associated with uninsured and uncollateralized investments collectively through diversification, target asset allocations, and ongoing investment advisor and USNH investment committee review.

## Notes to Financial Statements

June 30, 2015 and 2014

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### Investments – Continued

*Spending Policy:* The objective of the annual spending formula for endowment return used for operations is to provide sustainable continued future support for ongoing programs at current levels assuming moderate inflation. To the extent that endowment yield is insufficient in any one year to meet the required spending distribution, accumulated net gains are utilized to fund the distribution.

*Performance Measurement:* The endowment distribution rate, as a percentage of the average market value per unit for the twelve quarters from which it was derived, was approximately 5% for the investment pools managed by USNH.

#### Beneficial Interest in Split Interest Agreement

The beneficial interest consists of a split-interest agreement held by others and is carried at its fair value as reported by the Trustee.

#### Beneficial Interest in Perpetual Trusts

The beneficial interest consists of two trusts held by others and are carried at its fair value as reported by the Trustees.

#### Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (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.

#### Donated Services and In-kind Contributions

Donated services and in-kind contributions are recorded as revenue and expenses in the accompanying statement of revenues, expenses and changes in net assets at donor estimated fair value.

#### Operating and Non-Operating Activities

The Organization reports its revenues and expenses as operating or non-operating activities in the statement of activities. Non-operating activities include contributions to the board-designated or donor-restricted endowment funds, investment gains and losses of the endowment funds and split interest agreements and grants for long lived assets.

#### 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 functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

## Notes to Financial Statements

June 30, 2015 and 2014

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### Income Taxes

NHPB is exempt from federal income taxes under the provisions of Section 501(c)(3) of the U.S. Internal Revenue code. Certain of the Organization's tower rental activities, however, are unrelated business income and, therefore, subject to income tax.

Management has evaluated NHPB's tax positions and concluded that as of June 30, 2015, NHPB does not believe that it has taken any tax positions that would require the recording of any additional tax liabilities. NHPB is currently open to audit under the statute of limitations by the Internal Revenue Service and state taxing authorities for the years ended June 30, 2011 through 2015.

#### Cash and Cash Equivalents

For purposes of the statement of cash flows, NHPB considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents.

#### Fair Value Measurements

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. In determining fair value, NHPB uses various methods including market, income and cost approaches. Based on these approaches, NHPB often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. NHPB utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the inputs used in the valuation techniques, NHPB is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1 – Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
- Level 2 – Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.
- Level 3 – Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair values requires significant management judgment or estimation.

#### Reclassifications

Certain reclassifications have been made to the 2014 financial statement to conform with the 2015 financial statement presentation. Such reclassifications had no effect on the change in net assets as previously reported.

## Notes to Financial Statements

June 30, 2015 and 2014

### NOTE 2 – CASH AND CASH EQUIVALENTS

NHPB maintains checking accounts at various financial institutions. These accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. At any point in time, NHPB deposits may exceed this limit. During 2015 and 2014, there were periods when the account balances exceeded \$250,000. Management believes that the risk of deposit loss is minimized by banking with nationally known, high quality banks.

### NOTE 3 – PLEDGES RECEIVABLE

Pledges receivable consist of the following unconditional promises to give at June 30:

	2015	2014
Underwriting	\$ 108,176	\$ 45,198
Less allowance for uncollectible pledges	<u>(38,098)</u>	<u>(18,912)</u>
Total unconditional promises to give	<u>\$ 70,078</u>	<u>\$ 26,286</u>
Amount due in:		
Less than one year	<u>\$ 108,176</u>	

### NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30,:

	2015	2014
Land and improvements	\$ 25,585	\$ 25,585
Building and improvements	3,971,063	3,931,624
Equipment	10,265,125	10,253,968
Furniture and fixtures	229,027	188,388
Computers	2,184,070	2,191,175
Construction in progress	<u>239,282</u>	<u>4,549</u>
	16,914,152	16,595,289
Less accumulated depreciation	<u>(14,016,251)</u>	<u>(13,352,698)</u>
Property and equipment, net	<u>\$ 2,897,901</u>	<u>\$ 3,242,591</u>

A portion of NHPB's property and equipment was purchased with funds received from the National Telecommunications and Information Administration (NTIA). The NTIA holds a lien on this property for a period of 10 years after the project has been completed, during which time NHPB is unable to sell or otherwise dispose of the assets. The total cost of equipment purchased with such funds was \$332,868 at June 30, 2015.

## Notes to Financial Statements

June 30, 2015 and 2014

### NOTE 5 – INVESTMENTS

As of June 30, 2015 NHPB had invested \$1,537,542 in a money market account with a brokerage firm.

At June 30, 2014 NHPB had \$ \$1,600,262 invested in the USNH investment pool. The USNH pooled investment is carried at fair value by the NHPB. The USNH investment pool was comprised of the following asset classes as of June 30, 2014:

	2014
Cash and money market accounts	5%
Domestic Equity	32%
International Equity	18%
Private Equity	3%
Alternative Investments	28%
Fixed Income	8%
Hedge Funds	6%
	<u>100%</u>

Board-designated endowment net asset composition by type of fund as of June 30, 2015, is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-designated endowment funds	<u>\$ 1,537,542</u>			<u>\$ 1,537,542</u>
Total funds	<u>\$ 1,537,542</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,537,542</u>

Board-designated endowment net asset composition by type of fund as of June 30, 2014, is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-designated endowment funds	<u>\$ 1,600,262</u>			<u>\$ 1,600,262</u>
Total funds	<u>\$ 1,600,262</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,600,262</u>

Changes in endowment net assets for the year ended June 30, 2015 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning of year	<u>\$1,600,262</u>			<u>\$1,600,262</u>
Investment return:				
Investment income	67,727			67,727
Net loss	(56,118)			(56,118)
Appropriation of endowment assets for expenditure	<u>(74,329)</u>			<u>(74,329)</u>
End of year	<u>\$1,537,542</u>			<u>\$1,537,542</u>

## Notes to Financial Statements

June 30, 2015 and 2014

### NOTE 5 – INVESTMENTS – CONTINUED

Changes in endowment net assets for the year ended June 30, 2014 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning of year	\$1,425,963			\$1,425,963
Investment return:				
Investment income	63,853			63,853
Net gain	174,298			174,298
Appropriation of endowment assets for expenditure	(63,852)			(63,852)
End of year	<u>\$1,600,262</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,600,262</u>

NHPB's Board of Directors has interpreted state law as requiring the preservation of the original gifts to donor-restricted endowment funds as permanently restricted net assets. Accordingly, except for explicit donor stipulations specifying reinvestment of some or all of income and appreciation, amounts not considered permanently restricted are classified as temporarily restricted net assets until appropriated for expenditure.

### NOTE 6 – LINE OF CREDIT

In 2015, NHPB obtained a \$1,000,000 line of credit secured by the investment securities of NHPB with a variable interest rate. There was no outstanding balance on the line of credit at June 30, 2015 and there were no advances during the year then ended. The line of credit matures in April 2016 and is subject to review at that time. See Note 11 for additional information.

### NOTE 7 – NET ASSETS

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

	2015	2014
Restricted gifts		\$ 30,215
Underwriting receivable	\$ 70,078	26,716
Beneficial interest in split interest agreement	30,755	31,025
	<u>\$ 100,833</u>	<u>\$ 87,956</u>

Permanently restricted net assets are restricted for the following purposes:

	2015	2014
Perpetual trusts held by others	<u>\$1,531,999</u>	<u>\$ 1,561,169</u>



## Notes to Financial Statements

June 30, 2015 and 2014

### NOTE 8 – PENSION AND OTHER BENEFIT PLANS

#### Pension Plan

NHPB maintains a defined contribution retirement plan. NHPB employer contribution is determined each year at the discretion of the employer, in an amount up to 6% of compensation. Employees may make additional voluntary contributions. Pension contributions by the employer in 2015 and 2014 amounted to \$11,806 and \$11,580, respectively, and are included in operating expenses.

#### Additional Retirement Contribution Plan

In 1995, USNH implemented the Additional Retirement Contribution (ARC) Plan. The ARC Plan was mandatory for all newly hired employees, but optional for employees hired before July 1, 1994. Employees covered under this plan forego the post-retirement medical benefit discussed below, but earn an additional 1% of their salary contributed to their defined contribution retirement plan. As part of the disaffiliation agreement, the ARC liability attributable to NHPB was fully liquidated by USNH in the amount of \$40,000 during the year ended June 30, 2014.

#### Post-Retirement Benefit Plan

The post-retirement benefit plan was terminated as part of the disaffiliation agreement and in conjunction with the liquidation of the ARC liability.

### NOTE 9 – FAIR VALUES

Fair values of assets measured on a recurring basis are as follows:

	Total	Level 1	Level 2	Level 3
<b>June 30, 2015:</b>				
Money market fund	\$ 1,537,542	\$ 1,537,542		
Split interest agreement	30,755			\$ 30,755
Perpetual trusts	1,531,999			1,531,999
Total	<u>\$ 3,100,296</u>	<u>\$ 1,537,542</u>		<u>\$1,562,754</u>
	Total	Level 1	Level 2	Level 3
<b>June 30, 2014:</b>				
USNH pooled investment	\$ 1,600,262		\$ 1,600,262	
Split interest agreement	31,025			\$ 31,025
Perpetual trusts	1,561,169			1,561,169
Total	<u>\$ 3,192,456</u>	<u>\$ -</u>	<u>\$ 1,600,262</u>	<u>\$1,592,194</u>

## **Notes to Financial Statements**

**June 30, 2015 and 2014**

### **NOTE 10 – CONTINGENCIES**

#### **Grants**

NHPB receives funding in the form of grants from the Corporation for Public Broadcasting (CPB) which is a private, nonprofit corporation, and the National Telecommunications and Information Administration (NTIA). The grants are governed by various rules and regulations and are subject to audit and adjustment by the grantors. Therefore, to the extent that NHPB has not complied with the rules and regulations governing the grants, repayments to CPB or NTIA may be required. In the opinion of NHPB, there are no significant contingent liabilities relating to compliance with the rules and regulations governing these grants. Therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

### **NOTE 11 – COMMITMENTS**

In 2015, NHPB entered in to a contract to build two new towers in Hanover and Littleton, New Hampshire. The total contract cost for the two agreements was approximately \$870,600 to be paid based on certain milestones. As of June 30, 2015 NHPB had paid approximately \$240,000 for these contracts.

As of January 29, 2016, NHPB construction related costs were approximately \$750,000. NHPB has funded \$550,000 of these costs with the line of credit noted in Note 6. NHPB is currently in the process of acquiring long-term financing for the tower projects. The financing will be used to pay back the line of credit as well as additional construction costs to be incurred. The long-term financing will be repaid with increased revenues from the towers.

### **NOTE 12 – LEASES**

NHPB has no long-term operating or capital leases. Rent expense for short-term rental agreements was \$39,862 and \$31,409 for the years ended June 30, 2015 and 2014, respectively.

### **NOTE 13 – EVALUATION OF SUBSEQUENT EVENTS**

Management has made an evaluation of subsequent events to and including January 29, 2016, which was the date the financial statements were available to be issued and determined there were no subsequent events that occurred after the balance sheet date that have a material impact on the NHPB's financial statements.

**Schedule of Functional Expenses****Year Ended June 30, 2015**

	<b>Program Services</b>				<b>Support Services</b>		
	<b>Programming and Production</b>	<b>Broadcasting</b>	<b>Program Information</b>	<b>Total</b>	<b>Fundraising &amp; Membership Development</b>	<b>Management and General</b>	<b>Total</b>
Salaries	\$ 644,996	\$ 445,959	\$ 46,060	\$ 1,137,015	\$ 392,745	\$ 290,450	\$ 1,820,210
Employee benefits	101,509	85,695	6,359	193,563	49,340	49,540	292,443
Professional and financial services	157,509	115,769	1,437	274,715	408,070	306,221	989,006
Supplies	22,684	12,546	2,177	37,407	3,503	20,527	61,437
Pledge premium		-	-	-	251,499	-	251,499
Telecommunications	85	72,880	-	72,965	1,803	-	74,768
Postage and shipping	2,215	1,231	1,784	5,230	141,381	7,986	154,597
Promotional expenses		-	350	350	54,148	431	54,929
Rental and maintenance of equipment	14,567	125,084	-	139,651	816	-	140,467
Printing	5,899	-	-	5,899	80,777	1,626	88,302
Travel and conferences	21,104	5,065	879	27,048	11,193	10,811	49,052
Administrative and facility assessments	729	67,488	-	68,217	36,394	32,710	137,321
PBS assessments and fees	905,884	-	-	905,884	-	4,745	910,629
Membership dues	582	-	-	582	13,365	28,273	42,220
Utilities	89	258,966	-	259,055	-	-	259,055
Insurance	63,715	30,721	390	94,826	8,909	4,785	108,520
Meals and training	14,448	289	-	14,737	11,972	6,785	33,494
Taxes	4,489	33,294	293	38,076	2,920	145,297	186,293
Bank and credit card fees	8	-	-	8	14,547	92,814	107,369
Interest expense	-	1,632	-	1,632	-	29,900	31,532
Miscellaneous	2,418	1,451	-	3,869	78,467	92,011	174,347
Bad debt	-	-	-	-	-	21,848	21,848
Depreciation	353,414	87,428	6,096	446,938	225,949	1,510	674,397
<b>Totals</b>	<b>\$ 2,316,344</b>	<b>\$ 1,345,498</b>	<b>\$ 65,825</b>	<b>\$ 3,727,667</b>	<b>\$ 1,787,798</b>	<b>\$ 1,148,270</b>	<b>\$ 6,663,735</b>

See accompanying independent auditors' report.

**Schedule of Functional Expenses****Year Ended June 30, 2014**

	Program Services				Support Services		
	Programming and Production	Broadcasting	Program Information	Total	Fundraising & Membership Development	Management and General	Total
Salaries	\$ 649,472	\$ 426,702	\$ 32,141	\$ 1,108,315	\$ 360,070	\$ 288,057	\$ 1,756,442
Employee benefits	91,252	54,338	2,067	147,657	49,912	33,506	231,075
Professional and financial services	249,681	3,515	54,000	307,196	267,954	419,298	994,448
Supplies	10,095	20,402	809	31,306	7,131	34,509	72,946
Pledge premium	175	-	-	175	122,477	-	122,652
Telecommunications	4,408	71,474	-	75,882	-	-	75,882
Postage and shipping	280	1,889	-	2,169	430,707	506	433,382
Promotional expenses	10,654	-	79,868	90,522	15,906	192	106,620
Rental and maintenance of equipment	5,515	78,794	-	84,309	19,630	-	103,939
Printing	453	-	-	453	40,363	5,548	46,364
Travel and conferences	10,300	1,236	1,947	13,483	8,896	12,726	35,105
Administrative and facility assessments	185	93,548	-	93,733	40,896	12,851	147,480
PBS assessments and fees	945,447	-	-	945,447	-	-	945,447
Membership dues	3,341	-	-	3,341	215	19,742	23,298
Utilities	-	241,713	-	241,713	-	-	241,713
Insurance	59,935	28,897	357	89,189	8,368	4,490	102,047
Meals and training	4,098	116	-	4,214	3,130	4,809	12,153
Taxes	-	39,928	-	39,928	18,051	154,792	212,771
Bank and credit card fees	-	-	-	-	-	78,337	78,337
Interest expense	-	-	-	-	-	11,998	11,998
Miscellaneous	11,111	108	-	11,219	35,694	2,390	49,303
Bad debt	-	-	-	-	-	15,398	15,398
Depreciation	323,480	79,961	5,441	408,882	206,560	1,405	616,847
<b>Totals</b>	<b>\$ 2,379,882</b>	<b>\$ 1,142,621</b>	<b>\$ 176,630</b>	<b>\$ 3,699,133</b>	<b>\$ 1,635,960</b>	<b>\$ 1,100,554</b>	<b>\$ 6,435,647</b>

See accompanying independent auditors' report.