

New Hampshire Public Broadcasting

Financial Report

Years Ended June 30, 2019 and 2018



Independent Auditor's 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, 2019 and 2018, and the related statements of activities, functional expenses 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.

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, 2019 and 2018, 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.



Emphasis of Matter

As discussed in Note 1 to the financial statements, New Hampshire Public Broadcasting adopted the amendments in Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended June 30, 2019. The amendments have been applied on a retrospective basis with the exception of the omission of certain information as permitted by the ASU.

Wipfli LLP

Wipfli LLP
South Portland, Maine
March 16, 2020

New Hampshire Public Broadcasting

Statements of Financial Position

June 30, 2019 and 2018

ASSETS	2019	2018
Current assets:		
Cash and cash equivalents	\$ 440,219	\$ 397,687
Accounts and grants receivable	31,244	7,677
Contributions receivable	64,056	38,717
Prepaid expenses	20,048	45,390
Investments - Board designated	1,680,968	1,654,682
Total current assets	2,236,535	2,144,153
Property and equipment - net	2,619,548	2,677,062
Other Assets		
Investments - donor restricted	95,682	-
Beneficial interest in split interest agreement	-	29,709
Beneficial interest in perpetual trusts	1,770,045	1,679,459
Total other assets	1,865,727	1,709,168
Total Assets	\$ 6,721,810	\$ 6,530,383
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 431,165	\$ 789,094
Accrued vacation	132,483	118,601
Line of credit	900,000	700,000
Short-term portion of loan payable	17,915	24,640
Total current liabilities	1,481,563	1,632,335
Long-Term Liabilities		
Long-term portion of loan payable	712,911	730,827
Total long-term liabilities	712,911	730,827
Total liabilities	2,194,474	2,363,162
Net assets:		
Without donor restrictions		
Board designated for future operations	1,680,968	1,654,682
Undesignated	848,764	683,355
Total without donor restrictions	2,529,732	2,338,037
With donor restrictions		
Time and purpose restricted	131,877	149,725
Perpetual in nature	1,865,727	1,679,459
Total with donor restrictions	1,997,604	1,829,184
Total net assets	4,527,336	4,167,221
Total Liabilities and Net Assets	\$ 6,721,810	\$ 6,530,383

See accompanying notes to financial statements.

New Hampshire Public Broadcasting

Statement of Activities

Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues			
Membership	\$ 2,540,203	\$ -	\$ 2,540,203
Corporation for Public Broadcasting	997,283	-	997,283
Contributions	162,649	144,099	306,748
Auction	314,498	-	314,498
Underwriting and sponsorships	333,597	64,056	397,653
Rental income	880,676	-	880,676
Other operating revenue	173,007	-	173,007
Investment income	54,966	-	54,966
Net assets released from restrictions	206,781	(206,781)	-
Total operating revenues and support	5,663,660	1,374	5,665,034
Operating expenses			
Program services			
Programming and production	2,065,628	-	2,065,628
Broadcasting	1,593,869	-	1,593,869
Program information	23,457	-	23,457
Total program services	3,682,954	-	3,682,954
Fundraising and membership development	1,551,231	-	1,551,231
Management and general	852,426	-	852,426
Total operating expenses	6,086,611	-	6,086,611
Changes in net assets from operations	(422,951)	1,374	(421,577)
Non-operating activities			
Investment gains	61,979	-	61,979
Government grant - Repack	370,945	-	370,945
Contributions for capital purposes	162,500	-	162,500
Contributions perpetual in nature		95,682	95,682
Change in value of perpetual trust	-	90,586	90,586
Net assets released from restrictions	19,222	(19,222)	-
Changes in net assets - non-operating	614,646	167,046	781,692
Change in net assets	191,695	168,420	360,115
Net assets, beginning of year	2,338,037	1,829,184	4,167,221
Net assets, end of year	\$ 2,529,732	\$ 1,997,604	\$ 4,527,336

See accompanying notes to financial statements.

New Hampshire Public Broadcasting

Statement of Activities

Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues			
Membership	\$ 2,496,761	\$ -	\$ 2,496,761
Corporation for Public Broadcasting	932,316	-	932,316
Contributions	215,924	297,869	513,793
Auction	291,490	-	291,490
Underwriting and sponsorships	89,259	185,673	274,932
Contributions in-kind	335,509	-	335,509
Rental income	871,103	-	871,103
Other operating revenue	202,340	-	202,340
Investment income	47,996	-	47,996
Net assets released from restrictions	513,284	(513,284)	-
Total operating revenues and support	5,995,982	(29,742)	5,966,240
Operating expenses			
Program services			
Programming and production	2,111,921	-	2,111,921
Broadcasting	1,475,848	-	1,475,848
Program information	161,652	-	161,652
Total program services	3,749,421	-	3,749,421
Fundraising and membership development	2,003,456	-	2,003,456
Management and general	820,164	-	820,164
Total operating expenses	6,573,041	-	6,573,041
Changes in net assets from operations	(577,059)	(29,742)	(606,801)
Non-operating activities			
Investment gains	112,682	-	112,682
Contributions for capital purposes	-	132,500	132,500
Change in value of in split interest agreement	-	(768)	(768)
Change in value of perpetual trust	-	164,754	164,754
Net assets released from restrictions	76,200	(76,200)	-
Changes in net assets - non-operating	188,882	220,286	409,168
Change in net assets	(388,177)	190,544	(197,633)
Net assets, beginning of year	2,726,214	1,638,640	4,364,854
Net assets, end of year	\$ 2,338,037	\$ 1,829,184	\$ 4,167,221

See accompanying notes to financial statements.

New Hampshire Public Broadcasting Statement of Functional Expenses

Year Ended June 30, 2019

	Programming and Production	Broadcasting	Program Information	Fundraising & Membership Development	Management and General	Total
Salaries	\$ 517,043	\$ 367,650	\$ -	\$ 354,142	342,618	\$ 1,581,453
Employee benefits and taxes	112,645	111,210	13,008	118,629	85,733	441,225
Professional and financial services	155,421	295,716	216	570,779	190,768	1,212,900
Supplies	4,680	5,847	1,040	45,650	11,661	68,878
Pledge premium	-	-	-	121,870	403	122,273
Telecommunications	-	71,982	-	-	-	71,982
Postage and shipping	14	-	-	40,671	1,403	42,088
Promotional expenses	870	-	381	8,963	-	10,214
Rental and maintenance of equipment	6,996	145,184	1,729	6,217	15,616	175,742
Printing	44	-	-	52,272	175	52,491
Travel and conferences	6,702	2,094	2,027	3,652	4,597	19,072
PBS assessments and acquisition fees	945,846	-	-	-	-	945,846
Membership dues	1,117	85	-	32,478	31,701	65,381
Utilities	-	262,207	-	-	-	262,207
Occupancy	-	132,983	-	-	-	132,983
Insurance	69,219	33,378	424	9,680	5,200	117,901
Meals and training	2,254	287	250	3,107	6,216	12,114
Taxes	-	104,771	-	-	30,186	134,957
Bank and credit card fees	4	-	-	11,166	39,762	50,932
Interest expense	-	434	-	-	54,818	55,252
Miscellaneous	1,637	401	240	17,794	30,465	50,537
Bad debts	-	-	-	-	-	-
Depreciation	241,136	59,640	4,142	154,161	1,104	460,183
Totals	\$ 2,065,628	\$ 1,593,869	\$ 23,457	\$ 1,551,231	\$ 852,426	\$ 6,086,611

See accompanying notes to financial statements.

New Hampshire Public Broadcasting Statement of Functional Expenses

Year Ended June 30, 2018

	Programming and Production	Broadcasting	Program Information	Fundraising & Membership Development	Management and General	Total
Salaries	\$ 556,050	\$ 369,088	\$ 45,563	\$ 402,866	328,021	\$ 1,701,588
Employee benefits and taxes	128,389	111,698	11,931	111,840	48,228	412,086
Professional and financial services	67,099	248,393	93,145	555,307	267,371	1,231,315
Supplies	11,832	5,522	-	51,250	13,144	81,748
Pledge premium	-	-	-	133,182	-	133,182
Telecommunications	291	61,955	-	-	-	62,246
Postage and shipping	203	974	1,165	55,805	1,328	59,475
Promotional expenses	7,215	-	-	351,398	43	358,656
Rental and maintenance of equipment	34,006	68,703	-	6,497	16,328	125,534
Printing	-	-	-	27,490	2,502	29,992
Travel and conferences	14,742	5,855	2,425	5,412	13,826	42,260
PBS assessments and acquisition fees	873,338	-	-	-	-	873,338
Membership dues	225	167	892	14,375	18,131	33,790
Utilities	156	251,596	-	-	-	251,752
Occupancy	-	81,611	-	-	817	82,428
Insurance	74,011	35,688	454	10,350	5,559	126,062
Meals and training	5,665	299	300	4,171	8,618	19,053
Taxes	-	150,128	-	-	-	150,128
Bank and credit card fees	-	-	-	13,038	36,244	49,282
Interest expense	-	896	-	-	41,097	41,993
Miscellaneous	2,360	89	-	45,449	13,181	61,079
Bad debts	-	-	-	-	4,185	4,185
Depreciation	336,339	83,186	5,777	215,026	1,541	641,869
Totals	\$ 2,111,921	\$ 1,475,848	\$ 161,652	\$ 2,003,456	\$ 820,164	\$ 6,573,041

See accompanying notes to financial statements.

New Hampshire Public Broadcasting

Statements of Cash Flows

Years Ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 360,115	\$ (197,633)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	460,183	641,869
Gain on investments	(61,979)	(112,682)
Provisions for doubtful accounts	-	4,185
Change in value of split interest agreements	-	768
Change in value of perpetual trusts	(90,586)	(164,754)
Contributions for long-lived assets and perpetual in nature	(629,127)	(132,500)
(Increase) decrease in:		
Accounts receivable	(23,567)	55,149
Contributions receivable	(25,339)	(27,966)
Prepaid expenses and other assets	25,342	(32,299)
Increase (decrease) in:		
Accounts payable and accrued expenses	(357,929)	76,196
Accrued vacation	13,882	(19,099)
Deferred revenue	-	(20,000)
Net cash flows from operating activities	(329,005)	71,234
Cash flows from investing activities		
Purchases of property and equipment	(402,669)	(175,180)
Purchases of investments	(456,136)	(9,419)
Proceeds from the sale of investments	425,856	48,670
Net cash flows from investing activities	(432,949)	(135,929)
Cash flows from financing activities		
Proceeds from contributions for long-lived assets and perpetual in nature	629,127	132,500
Payments of life income obligations	-	(1,411)
Payments on long-term debt	(24,641)	(23,821)
Proceeds from line of credit	200,000	150,000
Net cash flows from financing activities	804,486	257,268
Change in cash and cash equivalents	42,532	192,573
Cash and cash equivalents, beginning of year	397,687	205,114
Cash and cash equivalents, end of year	\$ 440,219	\$ 397,687
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Income taxes	\$ 134,957	\$ 150,128
Interest	55,252	41,993

See accompanying notes to financial statements.

New Hampshire Public Broadcasting

Notes to Financial Statements

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 Pittsburgh, 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 interest 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 service agreement with the Boston, Massachusetts based public television organization, WGBH, to provide services in the areas of broadcast technology and membership service.

Basis of Accounting

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

Basis of Presentation

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States (U.S. GAAP). These principles state that net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization are classified, as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations or where donor-imposed stipulations are met in the year of contribution. The governing board has designated, from net assets without donor restrictions, net assets for board-designated endowment.

New Hampshire Public Broadcasting

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Net Assets With Donor Restrictions - Net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources must be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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 and Grants Receivable

Accounts and grants 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 \$4,941 and \$4,941 as of June 30, 2019 and 2018, respectively.

Contributions 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. Contributions 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.

New Hampshire Public Broadcasting

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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	10-40
Towers	25-40
Equipment	3-30

Donated Assets

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

Investments

Investments are carried at fair value. The investments that are considered board-designated investments are classified as current assets. Income and net appreciation or losses on investments of endowment and similar funds are reported as increases in net assets with donor restrictions if the terms of the gift or NHPB's interpretation of relevant state law impose restrictions on the use of the income or if the terms of the gift requires that they be added to the principal of a permanent endowment fund. In all other cases, income and net appreciation or losses on investments are classified as increases in net assets without donor restrictions.

Beneficial Interest in Split Interest Agreement

The beneficial interest consists of a split-interest agreement held by others and is based on the present value of expected cash flows using actuarial estimates and assumptions regarding the duration of the agreement.

Beneficial Interests 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.

Revenue and Support

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received.

New Hampshire Public Broadcasting

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Donated Services and In-Kind Contributions

Donated services and in-kind contributions are recorded as revenue and expenses in the accompanying statement of activities 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 program and supporting services have been summarized and presented in the statement of activities by their functional classification. Accordingly, these costs have been allocated among program and support services (general and administrative, and fundraising) and presented in the statement of functional expenses by their natural classification.

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, 2019, 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 three years following the file of the tax return.

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.

New Hampshire Public Broadcasting

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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.

For the years ended 2019 and 2018, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

- Government, corporate, and international bonds are valued at fair value based on quoted market prices, when available, or market prices provided by recognized broker dealers.
- The fair value of mutual funds and exchange-traded funds are based on share values reported by the funds as of the last business day of the fiscal year.
- Split interest agreement is based on the present value of expected cash flows using actuarial estimates and assumptions regarding the duration of the agreement.
- Perpetual trusts held by others fair value is determined by NHPB's share of the fair market value of the trust as reported by the trustees.

New Hampshire Public Broadcasting

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Recently Adopted Accounting Pronouncements

In August 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities* (Topic 958). This ASU provides for certain improvements in financial reporting for not-for-profit organizations and requires changes to net asset classification, enhancements to liquidity presentation and disclosures, presentation of an analysis of expenses by function and by nature, netting of investment expenses with return, among other changes. The guidance in this ASU is effective for the year ended 2019, and was applied retrospectively to these comparative financial statements with the exception of the omission of certain information as permitted by the ASU.

New Proposed Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09 - Revenue from Contracts with Customers at the conclusion of a joint effort with the International Accounting Standards Board to create common revenue recognition guidance for U.S. GAAP and international accounting standards. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services, by allocating transaction price to identified performance obligations, and recognizing that revenue as performance obligations are satisfied. The standard is effective for year ending 2020 for NHPB. NHPB is evaluating the impact this will have on the financial statements.

The FASB issued ASU 2018-18 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). The guidance will assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determine whether the transaction is conditional. The standard is effective for the year ending June 30, 2020. NHPB is evaluating the impact this will have on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*, which, for operating leases, requires a lessee to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in its balance sheet. The standard also requires a lessee to recognize a single lease cost, calculated so that cost of the lease is allocated over the lease term, on a generally straight-line basis. The guidance also expands the required quantitative and qualitative disclosures surrounding leases. The ASU is effective for year ending 2021 for NHPB. NHPB is evaluating the impact of the new guidance on the financial statements.

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 2019 and 2018, 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.

New Hampshire Public Broadcasting

Notes to Financial Statements

Note 3: Liquidity and Availability of Financial Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

<i>As of June 30,</i>	2019
Cash and cash equivalents	\$ 372,398
Accounts receivable	31,244
Contributions receivable	64,056
Total	\$ 467,698

Note 4: Contributions Receivable

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

	2019	2018
Underwriting	\$ 64,056	\$ 38,717
Less allowance for uncollectible pledges	-	-
Total unconditional promises to give	64,056	38,717
Amount due in:		
Less than one year	\$ 64,056	\$ 38,717

Note 5: Property and Equipment

Property and equipment consist of the following at June 30, 2019 and 2018:

	2019	2018
Land and improvements	\$ 25,585	\$ 25,585
Building and improvements	4,048,847	4,037,797
Equipment	12,568,355	12,182,240
Furniture and fixtures	249,289	249,289
Computers	2,144,214	2,138,710
	19,036,290	18,633,621
Less accumulated depreciation	(16,416,742)	(15,956,559)
Property and equipment, net	\$ 2,619,548	\$ 2,677,062

New Hampshire Public Broadcasting

Notes to Financial Statements

Note 5: Property and Equipment (Continued)

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 \$1,228,000 at June 30, 2019.

Note 6: Investments

Investments at fair value consist of the following at June 30:

<i>Year Ended June 30,</i>	2019	2018
Cash and money market accounts	\$ 107,534	\$ 41,198
Fixed income	360,725	323,604
Mutual funds	650,902	758,274
Exchange-traded funds	657,489	531,606
	\$ 1,776,650	\$ 1,654,682

Net assets composition by type of fund for the investments as of June 30, 2019 was, as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated funds	\$ 1,680,968	\$ 95,682	\$ 1,776,650
Total funds	\$ 1,680,968	\$ 95,682	\$ 1,776,650

Net asset composition by type of fund for the investments as of June 30, 2018 is, as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated funds	\$ 1,654,682	\$ -	\$ 1,654,682
Total funds	\$ 1,654,682	\$ -	\$ 1,654,682

New Hampshire Public Broadcasting

Notes to Financial Statements

Note 6: Investments (Continued)

Changes in investments for the year ended June 30, 2019 are, as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning of year	\$ 1,654,682	\$ -	\$ 1,654,682
Investment return:			
Investment income	52,533	-	52,533
Net gain	57,823	-	57,823
Fees	(11,570)	-	(11,570)
Contributions	-	95,682	95,682
Transfers out	(72,500)	-	(72,500)
End of year	\$ 1,680,968	\$ 95,682	\$ 1,776,650

Changes in investments for the year ended June 30, 2018 are, as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning of year	\$ 1,581,251	\$ -	\$ 1,581,251
Investment return:			
Investment income	47,996	-	47,996
Net gain	112,682	-	112,682
Fees	(11,549)	-	(11,549)
Transfers out	(75,698)	-	(75,698)
End of year	\$ 1,654,682	\$ -	\$ 1,654,682

Note 7: Line of Credit

NHPB maintains a \$1,000,000 line of credit secured by the investment securities of NHPB with a variable interest rate of prime less 1%. The line of credit matures in April 2020 and is subject to review at that time.

New Hampshire Public Broadcasting

Notes to Financial Statements

Note 8: Long Term Debt

In December 2016, NHPB borrowed \$749,000 from the United States Department of Agriculture (USDA) to partially fund the construction of two new towers, located in Hanover and the Littleton, New Hampshire. The loan bears a fixed interest rate of 2.375% and is payable in monthly installments of \$2,420 over a 40-year loan term. The USDA holds a real estate mortgage on the two towers.

Also included in long term debt are loans for two vehicles.

Long term debt is summarized below:

	2019	2018
Vehicle loans	\$ 10,776	\$ 23,630
USDA	720,050	731,837
Total	730,826	755,467
Short term portion	17,915	24,640
Long term portion	712,911	730,827
Total	\$ 730,826	\$ 755,467

Maturities of long-term debt are as follow:

Years ending	
2020	\$ 17,915
2021	16,900
2022	13,000
2023	12,900
2024	13,200
Thereafter	656,911
	\$730,826

Note 9: Net Assets with Donor Restriction

Net assets with donor restrictions are available for the following purposes as of June 30

	2019	2018
Time and purpose restricted:		
Underwriting	\$ 64,056	\$ 38,717
Beneficial interest in split interest agreement	-	29,709
Capital projects	21,677	56,299
Programming	46,144	25,000
Total time and purpose restricted	\$ 131,877	\$ 149,725

New Hampshire Public Broadcasting

Notes to Financial Statements

Note 9: Net Assets with Donor Restriction (Continued)

Perpetual in nature:			
Perpetual trust	\$	1,770,045	\$ 1,679,459
Endowment		95,682	-
Total perpetual in nature		1,865,727	1,679,459
Total net assets with donor restrictions	\$	1,997,604	\$ 1,829,184

Note 10: Pension

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 2019 and 2018 amounted to \$9,540 and \$10,876, respectively, and are included in operating expenses.

Note 11: Leases

NHPB has no long-term operating or capital leases. Rent expense for short-term rental agreements was \$41,071 and \$44,496 for the years ended 2019 and 2018, respectively.

Note 12: Fair Value Measurements

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

<i>June 30, 2019</i>	Total	Level 1	Level 2	Level 3
Money market fund	\$ 107,534	\$ 107,534	\$ -	\$ -
Fixed income	360,725	-	360,725	-
Mutual funds	650,902	650,902	-	-
Exchange-traded funds	657,489	657,489	-	-
Perpetual trusts	1,770,045	-	-	1,770,045
Total	\$ 3,546,695	\$ 1,415,925	\$ 360,725	\$ 1,770,045

<i>June 30, 2018</i>	Total	Level 1	Level 2	Level 3
Money market fund	\$ 41,198	\$ 41,198	\$ -	\$ -
Fixed income	323,604	-	323,604	-
Mutual funds	758,274	758,274	-	-
Exchange-traded funds	531,606	531,606	-	-
Split interest agreement	29,709	-	-	29,709
Perpetual trusts	1,679,459	-	-	1,679,459
Total	\$ 3,363,850	\$ 1,331,078	\$ 323,604	\$ 1,709,168

New Hampshire Public Broadcasting

Notes to Financial Statements

Note 12: Fair Value Measurements (Continued)

The change in value of the level 3 investments is due to the following for the years ended June 30:

	2019	2018
Balance at beginning of year	\$ 1,709,168	\$ 1,545,182
Distributions	(29,709)	-
Unrealized gains on investments	90,586	163,986
Balance at end of year	\$ 1,770,045	\$ 1,709,168

The change in value of the assets with level 3 valuation inputs are recorded as part of the investment gains (losses) in the statement of activities.

Note 13: 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 14: Commitments

At the conclusion of the Spectrum auction, the FCC reauthorized and relicensed various broadcast television stations that received new channel assignments as part of the repacking process, or because they have won their auction bid to move to a different frequency band or to channel share. New channel assignments are designed to minimize costs by:

1. Maximizing the number of channel "stays," or stations assigned to their pre-auction channels, instead of being assigned to new channels;
2. Minimizing the maximum aggregate new interference experienced by any station; and
3. Avoiding reassignment of stations with high anticipated relocation costs; and prioritizing assignments to channel 5 in the Low-VHF band and off of the channel 14 in the UHF band.

Those stations that must move to a new channel, including NHPB, will have to modify their existing facilities (e.g., antennas, transmission lines) to transmit on a different frequency; then they must test their equipment. Unless a station's new channel is "available" (i.e., free from interference caused by other stations), it will need to coordinate carefully with one or more other stations to prevent the testing from causing interference.

New Hampshire Public Broadcasting

Notes to Financial Statements

Note 14: Commitments (Continued)

The Spectrum Act (Act) requires that the FCC reimburse costs reasonably incurred by broadcast television licensees that are reassigned to new channels.

The Act provides \$2.49 billion to be expended for reimbursement payments to involuntarily repacked broadcasters such as NHPB. It also mandates that the FCC make all reimbursement payments within three years of the completion of the incentive auction. Of the broadcast stations that may be reassigned to new channels during the incentive auction repacking process, only full power and Class A licensees are eligible for reimbursement. This includes NHPB.

The FCC will reimburse broadcasters by providing initial allocations of funds, based on their estimated costs and the amount of funds available followed by one or more additional allocations, to the extent necessary, prior to the end of the three-year reimbursement period. All entities seeking reimbursement will be required to provide an estimate of their eligible channel relocation costs.

The FCC is reimbursing 100% of all costs up to the amount approved in the budget for each station. Subject to availability constraints, funds will be issued to broadcasters for the initial allocations equivalent to up to 62.5% of their estimated costs eligible for reimbursement. The actual reimbursement percentage may be higher if actual costs are less than estimated costs. NHPB estimates that the repack process will cost from \$2 million to \$4 million with one half of the costs occurring in calendar 2019 and the remainder in calendar 2020.

Note 15: Evaluation of Subsequent Events

Management has made an evaluation of subsequent events to and including March 16, 2020, 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.