NEW HAMPSHIRE PUBLIC RADIO, INC.

FINANCIAL REPORT

JUNE 30, 2019

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1 and 2
FINANCIAL STATEMENTS	
Statements of financial position	3
Statement of activities and changes in net assets	4
Statements of cash flows	5
Statement of functional expenses	6
Notes to financial statements	7-21

NATHAN WECHSLER & COMPANY
PROFESSIONAL ASSOCIATION
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
New Hampshire Public Radio, Inc.
Concord, New Hampshire 03301-5003

Report on the Financial Statements

We have audited the accompanying financial statements of New Hampshire Public Radio, Inc., which comprise the statements of financial position as of June 30, 2019, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Hampshire Public Radio, Inc., as of June 30, 2019, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited New Hampshire Public Radio, Inc.'s 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 12, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Nathan Wechsler & Company

Concord, New Hampshire
November 20, 2019

NEW HAMPSHIRE PUBLIC RADIO, INC.

STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

ASSETS

	2019	2018
CURRENT ASSETS		
Cash	$ 1,153,440	$ 1,682,067
Current portion of contributions receivable	333,776	514,698
Bequest receivable	101,667	15,000
Accounts receivable, less allowance for doubtful accounts of $10,000 for 2019 and $9,452 for 2018	499,837	354,900
Prepaid expenses	153,102	173,230
Total current assets	2,241,822	2,739,895
OTHER ASSETS		
Contributions receivable, less current portion, net of discount, less allowance for doubtful accounts of $9,000 for 2019 and $60,000 for 2018	356,190	680,299
Endowment investments	360,384	358,521
Board designated investments	181,246	167,237
Innovation fund investments	1,557,075	1,493,257
Deferred compensation investment	-	157,866
Station and software licenses, net of accumulated amortization $366,092 for 2019 and $350,194 for 2018	201,781	217,679
	2,656,676	3,074,859
PROPERTY AND EQUIPMENT, net	4,701,731	5,099,088
Total assets	**$ 9,600,229**	**$ 10,913,842**

LIABILITIES AND NET ASSETS

	2019	2018
CURRENT LIABILITIES		
Current portion of note payable	$ 36,848	$ 35,764
Accounts payable and accrued expenses	257,977	165,351
Accrued salaries and benefits	214,805	237,079
Funds held for others	34,753	-
Deferred revenue	95,315	57,025
Total current liabilities	639,698	495,219
LONG-TERM LIABILITIES		
Deferred compensation liability	-	175,866
Note payable, less current portion and net of unamortized debt issuance costs of $20,994 for 2019 and $22,306 for 2018	1,020,632	1,055,649
Total long-term liabilities	1,020,632	1,231,515
Total liabilities	1,660,330	1,726,734
COMMITMENTS (See Notes)		
NET ASSETS		
Undesignated	4,470,017	4,969,315
Board designated	404,418	365,408
Total without donor restrictions	4,874,435	5,334,723
Total with donor restrictions	3,065,464	3,852,385
Total net assets	7,939,899	9,187,108
Total liabilities and net assets	**$ 9,600,229**	**$ 10,913,842**

NEW HAMPSHIRE PUBLIC RADIO, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended June 30, 2019 (with comparative totals for 2018)

	Without Donor Restrictions					
	Undesignated	Board Designated	Total Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
Revenue and support:						
Public support	$ 3,827,727	$ -	$ 3,827,727	$ 34,159	$ 3,861,886	$ 4,910,854
Business support	2,343,898	-	2,343,898	-	2,343,898	2,107,641
Business support-trade	97,992	-	97,992	-	97,992	141,247
Corporation for Public Broadcasting funding	744,930	-	744,930	-	744,930	616,379
Grants and contract revenue	114,269	-	114,269	131,451	245,720	778,461
Vehicle donations	231,351	-	231,351	-	231,351	210,829
Podcast revenue	155,351	-	155,351	-	155,351	40,345
Other income	33,925	-	33,925	-	33,925	22,319
In-kind donations	6,000	-	6,000	-	6,000	5,000
Total revenue and support	7,555,443	-	7,555,443	165,610	7,721,053	8,833,075
Net assets released for satisfaction of purpose	1,107,604	(100,000)	1,007,604	(1,007,604)	-	-
Expenses:						
Program services	6,253,897	-	6,253,897	-	6,253,897	5,471,422
Management and general	1,085,715	-	1,085,715	-	1,085,715	1,160,493
Fundraising	1,847,871	-	1,847,871	-	1,847,871	1,723,448
Total expenses	9,187,483	-	9,187,483	-	9,187,483	8,355,363
Increase (decrease) in net assets before nonoperating activities	(524,436)	(100,000)	(624,436)	(841,994)	(1,466,430)	477,712
Nonoperating activities:						
Investment income	2,548	14,010	16,558	77,663	94,221	77,152
Bequests	-	125,000	125,000	-	125,000	20,000
Increase in net assets from nonoperating activities	2,548	139,010	141,558	77,663	219,221	97,152
Net assets released from time restriction, nonoperating	22,590	-	22,590	(22,590)	-	-
Increase (decrease) in total net assets	(499,298)	39,010	(460,288)	(786,921)	(1,247,209)	574,864
Net assets, beginning of year	4,969,315	365,408	5,334,723	3,852,385	9,187,108	8,612,244
Net assets, end of year	**$ 4,470,017**	**$ 404,418**	**$ 4,874,435**	**$ 3,065,464**	**$ 7,939,899**	**$ 9,187,108**

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2019 and 2018

		2019		2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in net assets	$	(1,247,209)	$	574,864
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation and amortization expense		522,710		588,547
Amortization of debt issuance costs		1,312		1,312
Realized and unrealized gains on investments		(91,669)		(63,564)
Bad debt expense, net of change in allowance for doubtful accounts		61,115		73,876
Payout of deferred compensation		(18,000)		-
(Increase) decrease in contributions, bequest and grants receivable		418,364		(435,326)
Increase in accounts receivable		(206,052)		(124,249)
(Increase) decrease in prepaid expenses		20,128		(76,782)
Increase in accounts payable and accrued expenses		92,626		65,896
Increase in funds held for others		34,753		-
Increase (decrease) in accrued salaries and benefits		(22,274)		38,267
Increase (decrease) in deferred revenue		38,290		(7,804)
Net cash provided by (used in) operating activities		**(395,906)**		**635,037**
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of investments		-		(737,670)
Purchase of investments		11,979		-
Acquisition of property and equipment		(109,455)		(374,582)
Net cash used in investing activities		**(97,476)**		**(1,112,252)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Principal repayment on long-term debt		(35,245)		(34,712)
Net decrease in cash		**(528,627)**		**(511,927)**
Cash, beginning of year		1,682,067		2,193,994
Cash, end of year	**$**	**1,153,440**	**$**	**1,682,067**
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION AND NON-CASH FINANCING ACTIVITIES				
Cash paid for interest	$	34,197	$	34,197
Amortization of debt issuance costs	$	1,312	$	1,312

NEW HAMPSHIRE PUBLIC RADIO, INC.

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2019 (with comparative totals for 2018)

	Program Services	Management and General	Fundraising	2019	2018
Salaries and wages	$ 2,978,554	$ 643,206	$ 813,602	$ 4,435,362	$ 3,675,348
Employee benefits	570,909	86,489	161,772	819,170	686,524
Payroll taxes	221,745	51,640	61,744	335,129	289,667
Total compensation related costs	3,771,208	781,335	1,037,118	5,589,661	4,651,539
Independent contractors	277,802	121,861	226,957	626,620	665,388
Affiliate program acquisition fees	705,585	-	-	705,585	664,175
Transmitter and satellite expenses	246,931	-	-	246,931	248,793
Staff development and recruitment	24,096	18,107	2,841	45,044	180,066
Travel, catering and entertainment	95,169	30,756	36,132	162,057	163,696
Condo fees, utilities, taxes and maintenance	95,663	20,133	26,724	142,520	156,520
Dues and subscriptions	124,026	19,543	7,090	150,659	138,949
Telephone	96,646	1,349	593	98,588	122,527
Bank and credit card fees	-	1,180	110,339	111,519	107,026
Advertising and promotion expenses	74,151	-	-	74,151	100,491
Printing	10,281	280	96,739	107,300	94,820
Thank you gifts	-	-	99,461	99,461	76,444
Insurance	37,199	7,829	10,392	55,420	73,820
Postage	3,888	913	54,031	58,832	63,827
Professional services	161,889	39,796	-	201,685	62,806
Interest expense	23,659	4,703	6,243	34,605	35,508
Office supplies and expenses	31,862	3,288	695	35,845	32,030
Technology equipment, parts and supplies	16,595	-	-	16,595	25,636
Engineering equipment repairs and maintenance	14,810	-	-	14,810	18,600
Bad debt expense, net of change in allowance for doubtful accounts	-	-	61,115	61,115	73,876
Podcast expenses	25,111	-	-	25,111	-
Miscellaneous	-	659	-	659	10,278
Total functional expenses excluding depreciation and amortization	**5,836,571**	**1,051,732**	**1,776,470**	**8,664,773**	**7,766,815**
Depreciation and amortization	417,326	33,983	71,401	522,710	588,547
Total functional expenses including depreciation and amortization	**$ 6,253,897**	**$ 1,085,715**	**$ 1,847,871**	**$ 9,187,483**	**$ 8,355,362**

Note 1. Nature of Activities

New Hampshire Public Radio, Inc. (the "Corporation") is organized as a not-for-profit corporation under the laws of the State of New Hampshire. It is licensed by the Federal Communications Commission to operate FM radio stations throughout New Hampshire, which broadcasts at 89.1 FM (WEVO) from Concord and Manchester, at 88.3 FM (WEVS) from Nashua, at 90.7 FM (WEVN) from Keene, at 91.3 FM (WEVH) from Hanover, at 99.5 FM (WEVJ) from Jackson, at 104.3 FM (W282AB) from Dover, at 107.1 FM (WEVC) from Berlin, at 103.9 FM (W280DG) from Portsmouth, at 97.3 FM (W247AO) from Plymouth, at 91.9 FM (WEVQ) from Littleton, at 105.7 FM (W290BK) and 90.3 FM (WEVF) from Colebrook, at 96.5 FM (W243DE) from Holderness, and at 91.5 (WCNH) from Bow.

The Corporation also produces and distributes content through podcasts, NPR One and online at www.nhpr.org.

Note 2. Summary of Significant Accounting Policies

Basis of accounting: The financial statements of the Corporation have been prepared on the accrual basis. Under the accrual basis, revenues and gains are recognized when earned. Expenses and losses are recognized when incurred.

The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Comparative financial information: The financial statements of the Corporation include certain prior-year summarized comparative information in total but not by net asset class for the statement of activities and changes in net assets and statement of functional expenses. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Corporation's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Estimates and assumptions: Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results may differ from those estimates.

Net assets: The Corporation reports information regarding its financial position and activities according to two categories of net assets: net assets with donor restrictions and net assets without donor restrictions. Descriptions of these net asset categories are as follows:

Net assets without donor restrictions: Net assets without donor restrictions are available for use at the discretion of the Board of Trustees and/or management for general operating purposes. From time to time the Board of Trustees designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

See Note 14 for more information on the composition of net assets without donor restrictions.

Net assets with donor restrictions: Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions and includes the accumulated appreciation and depreciation related to donor-restricted endowment funds.

The Corporation reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Some net assets with donor restrictions include a situation that assets provided be maintained permanently (perpetual in nature) while permitting the Corporation to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board approved spending policy.

See Note 15 for more information on the composition of net assets with donor restrictions.

Fair value option: Generally Accepted Accounting Principles (GAAP) provides a fair value option election that allows organizations to irrevocably elect fair value as the initial and subsequent measurement attribute for certain financial assets and liabilities. GAAP permits the fair value option election on an instrument-by-instrument basis at specified election dates, primarily at the initial recognition of an asset or liability or upon an event that gives rise to a new basis of accounting for that instrument. The Corporation elected the fair value option for contributions receivable in a prior year.

Contributions: The Corporation recognizes contributions received and made, including unconditional promises to give, as revenue in the period received or made. Contributions received are reported as either revenues without donor restrictions or revenues with donor restrictions. Contributions with donor restrictions that are used for the purposes specified by the donor in the same year as the contribution is received are recognized as revenues with donor restrictions and are reclassified as net assets released from restrictions in the same year. Promises to contribute that stipulate conditions to be met before the contribution is made are not recorded until the conditions are met. There were no conditional promises to give for the year ended June 30, 2019.

Cash and cash equivalents: For purposes of reporting cash flows, the Corporation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. As of June 30, 2019, the Corporation had no cash equivalents.

Investments: The Corporation carries investments in marketable securities with readily determinable fair values based upon quoted market prices. Unrealized and realized gains and losses are included with investment income in the accompanying statement of activities and changes in net assets. Purchased and gifted securities are recorded at fair value on the date of the acquisition or gift date, net of any brokerage fees.

Property and equipment: Property and equipment is stated at cost or, if donated, at fair value determined at the date of donation. The Corporation's policy is to capitalize expenditures at $1,000 or greater for major improvements.

Depreciation is provided for on the straight-line method in a manner which is intended to amortize the cost of the assets over the following estimated useful lives:

	Years
Buildings and improvements	7-40
Broadcast and transmission equipment	3-20
Furniture and office equipment	3-10
Vehicles	5

Expenditures for repairs and maintenance are expensed when incurred and betterments are capitalized. Assets sold or otherwise disposed of are removed from the accounts along with the related accumulated depreciation and any gain or loss is recognized.

Station and software licenses: The cost of licensing rights acquired is being amortized on the straight-line method over periods of seven to thirty years. Amortization expense charged to operations related to these licenses amounted to $15,898 for the year ended June 30, 2019.

Deferred revenue: Deferred revenue results when contracts for business support are prepaid in the current year and aired by the Corporation in the subsequent fiscal year. Accordingly, the payments received for the next fiscal year are deferred until the business support credits are aired by the Corporation.

Grants received that are considered reciprocal transactions generally contain conditions that could require the Corporation to return funds if the conditions are not met. Accordingly, these grant proceeds are recorded as deferred revenue upon receipt. The grant revenue is recognized according to the terms of the grant agreement, usually as the proceeds are utilized for the grant's purposes and the conditions are fully met.

Debt issuance costs: These costs are being amortized on a straight-line basis over the 20-year term of the debt (see Note 6). Debt issuance costs are included with interest expense on the statement of functional expenses.

Advertising: The Corporation charges advertising costs to expense as incurred. Advertising expenses relate primarily to programming and are primarily funded through trade.

Donated goods and services: A portion of the Corporation's functions are conducted by unpaid officers, board members and volunteers. The value of this contributed time is not reflected in the financial statements since it does not meet the criteria necessary for recognition under the FASB ASC 958-605 (see Note 10).

Donated materials and equipment are reflected as in-kind donations and expenses are capitalized at their estimated value at the date of receipt. Donated professional services are recorded as both revenue and expense at estimated fair value.

Business support services which are done in exchange for goods or services are reflected as business support - trade. When the Corporation receives notification that donated services have been provided, the Corporation recognizes the revenue and a corresponding expense based on the value of the services (typically an invoice) which the Corporation received.

Income taxes: The Corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC); however, certain unrelated business income is subject to federal taxation. For the year ended June 30, 2019, there was no liability for a tax on unrelated business income. The Corporation is also exempt from state income taxes by virtue of its ongoing exemption from federal income taxes. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

The Corporation adopted the provision of FASB ASC 740, Accounting for Uncertainty in Income Taxes. Accordingly, management evaluated the Corporation's tax positions and concluded the Corporation had maintained its tax-exempt status, does not have any significant unrelated business income and had taken no uncertain tax positions that require adjustment or disclosure in the financial statements. With few exceptions, the Corporation is no longer subject to income tax examinations by the U.S. Federal or State tax authorities for tax years before 2016.

Functional allocation of expenses: The statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas. A portion of general and administrative costs that benefit multiple functional areas (indirect costs) have been allocated across programs and other supporting services based on estimates of time and effort and square footage.

Operating measure: The Corporation has presented the statement of activities and changes in net assets based on an intermediate measure of operations. The measure of operations includes all revenues and expenses that are an integral part of the Corporation's programs and supporting activities and net assets released from restrictions to support operating activities. Non-operating activities are limited to resources outside of those program and services and are comprised of investment and bequest revenue and other capital activity.

Change in accounting principle: In August 2016, the FASB issued ASU 2016-14, "*Presentation of Financial Statements of Not-for-Profit Entities*" (Topic 958). The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expiration of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities and changes in net assets, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements.

The Corporation has adopted this ASU for the year ended June 30, 2019 with retroactive application for the June 30, 2018 statements. As a result, the Corporation changed its presentation of its net assets classes and expanded the footnote disclosures as required by the ASU.

Recent accounting pronouncements: In May 2014, the FASB issued, *Revenue from Contracts with Customers* (ASU 2014-09), which requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Organization expects to be entitled in exchange for those goods and services. ASU 2014-09 will replace most existing revenue recognition guidance when it becomes effective on July 1, 2019. ASU 2014-09 permits the use of either the retrospective or cumulative effect transition method. Management is currently evaluating the impact this will have on its financial statements.

In February 2016, the FASB issued, *Leases, Topic 842* (ASU 2016-02), which will be effective for the Corporation on July 1, 2020, with early adoption permitted. Under ASU 2016-02, at the commencement of a long-term lease, lessees will recognize a liability equivalent to the discounted payments due under the lease agreement, as well as an offsetting right-of-use asset. Lessees (for capital and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Lessees may not apply a full retrospective transition approach. Management is currently evaluating the impact this will have on its financial statements.

Note 3. Contributions Receivable

In a prior year, the Corporation began an Innovation Campaign that supports three significant editorial initiatives that expand NHPR's news coverage and local program production. Unconditional promises to give are included in the financial statements as contributions receivable and revenue in the appropriate net asset category. Unconditional contributions receivable expected to be received beyond one year are recognized at fair value and a discount rate is applied when deemed necessary (2.5% at June 30, 2019). The Corporation estimates the allowance for uncollectible contributions receivable based upon specific review, current economic conditions and historical loss factors, if applicable. Substantially all promises to give are from members of the Board of Trustees and others strongly committed to the Corporation. Management will continue to monitor the collection of these promises to give and make any necessary reserve adjustments.

The schedule below also includes a non-campaign pledge for $500,000. This pledge is donor restricted revenue for The Exchange and All Things Considered Fellows (see Note 15) as well as a digital/data journalist position. $125,000 of this pledge is scheduled to be collected for each of the subsequent four years.

Contributions receivable are summarized below:

In one year or less	$ 333,776
Between one and five years	380,001
Less discount to present value	(14,811)
Less allowance	(9,000)
Total	689,966
Less current portion	333,776
Total long-term portion	$ 356,190

Note 4. Investments

Investments, which consist of marketable debt and equity securities are carried at fair value at June 30, 2019. Investments are classified as long-term assets since it is the Corporation's intent to hold these investments for more than one year.

Investments consist of the following at June 30, 2019:

	Fair Value	Cost	Unrealized Appreciation, Net
Cash	$ 689,715	$ 689,715	$ -
Domestic and international equities:			
Materials	21,240	$ 17,019	4,222
Consumer cyclical	65,371	54,909	10,462
Financial services	84,941	71,194	13,747
Real estate	14,111	10,836	3,275
Consumer defensive	34,110	28,042	6,069
Healthcare	62,578	52,729	9,849
Utilities	11,116	8,552	2,564
Communication services	15,840	13,141	2,700
Energy	35,161	28,608	6,553
Industrials	61,238	50,718	10,519
Technology	97,349	83,410	13,939
Debt security - bonds	905,933	834,075	71,858
Total	$ 2,098,705	$ 1,942,950	$ 155,755

Note 5. Property and Equipment

Property and equipment, at cost	
Buildings and improvements	$ 5,700,428
Broadcast and transmission equipment	4,196,289
Furniture and office equipment	1,537,218
Vehicles	79,889
Construction in process	25,908
Total property and equipment	11,539,732
Less accumulated depreciation	6,838,001
Total property and equipment, net	$ 4,701,731

Depreciation expense amounted to $506,812 for the year ended June 30, 2019.

Note 6. Note Payable, Revolving Line-of-Credit and Pledged Assets

During a prior year, the Corporation refinanced their tax exempt bond with a $1,200,000 mortgage with Bank of New Hampshire at a 2.99% fixed rate of interest for the first ten years, then adjusting every ten years to the FHLB 10 year rate plus 1.75% (2.99% at June 30, 2019). The next scheduled adjustment date is November 2, 2025. The primary banking relationship must be maintained at Bank of New Hampshire or the interest rate increases by 1%. The mortgage has a twenty-year term with monthly principal and interest payments assuming a twenty-five year amortization. The final payment is due November 2, 2035 with a balloon payment of approximately $323,306.

Also during a prior year, in conjunction with this refinancing, the Corporation replaced its existing line-of-credit with a new revolving line-of-credit for borrowings up to $250,000 at an interest rate at one and one-half percent above the Wall Street Journal Prime Rate (6.5% at June 30, 2019).

The line-of-credit is secured by business assets and is subject to annual review. Under the terms of this agreement, the Corporation must maintain a minimum debt service coverage ratio of not less than 1.2 to 1.0. This covenant was met for the year ended June 30, 2019. As of June 30, 2019, there were no outstanding borrowings on the line-of-credit. Interest costs on the mortgage debt amounted to $33,292 for the year ended June 30, 2019. The Bank of New Hampshire note payable had an effective interest rate of 3.27% at June 30, 2019.

Long-term debt:

Mortgage payable, Bank of New Hampshire (see above), secured by the Corporation's business assets, with a fixed rate of interest of 2.99% for the first ten years, and a monthly principal and interest payment of $5,711, final balloon payment of $323,306 due November 2035	$ 1,078,474
Less amounts due within one year	**36,848**
Less unamortized debt issuance costs	20,994
Long-term debt	$ 1,020,632

Maturities required on long-term debt are as follows for fiscal years ending June 30:

2020	$ 36,848
2021	37,965
2022	39,116
2023	40,302
2024	41,524
Thereafter	882,719
	$ 1,078,474

Note 7. Operating Leases

The Corporation maintains several operating lease agreements for transmitter site rental and office equipment. These leases expire between fiscal years 2020 and 2027. Minimum future rent commitments under these lease agreements are as follows for the years ending June 30:

2020	$	73,173
2021		70,624
2022		39,647
2023		26,912
2024		27,719
Thereafter		33,283
Total	$	271,358

Rental expense for these leases for the year ended June 30, 2019 totaled approximately $75,750.

Note 8. Commitments and Contingencies

Certain equipment acquired with federal grant proceeds is subject to reversionary interest liens for a period of ten years from date of the grant. Property acquired with these grant proceeds may not be conveyed, transferred, assigned, mortgaged, leased or in any other manner encumbered by the Corporation, except as expressly authorized by grantor. The liens expire between 2020 and 2022.

The Corporation maintains a sick time policy in which eligible employees can accrue up to a maximum of 480 hours of sick time. Employees who had sick time balances in excess of the 480 hours, as of the implementation of this policy in January of 2010, have been grandfathered in and, as such, continue to have those hours available to use according to the terms outlined in this policy.

FASB guidance states that an accrual is not required for an obligation related to employees' accumulating rights to receive compensation for future absences that are contingent upon the absences being caused by an employee's future illness. In addition to this contingent event, the low degree of reliability of estimates of the future sick pay and the cost of evaluating do not justify the requirement for such an accrual.

The Corporation also has a policy that allows for forty hours of vacation time to be carried forward to subsequent years. This liability is included in accrued salaries and benefits on the statement of financial position.

Note 9. Retirement Plans

For administrative purposes, during a prior year, the Corporation merged its two 403(b) Retirement Plan options into one plan. The plan is a way for employees to prepare and save for retirement. Participation is voluntary and allows employees to choose from a variety of investment options.

Tax Deferred Annuity Plan: This option in the 403(b) Retirement Plan allows for employees to contribute with their own tax-deferred contributions and is available to all employees. Employees are eligible to begin participation on the first of the month following employment and are fully and immediately vested in the plan. This is a salary reduction plan only. During 2019 all amounts were paid out and no additional contributions to the plan were made.

Defined Contribution Plan: Under the defined contribution option in the 403(b) Retirement Plan, to be eligible to participate an employee must be at least 21 years of age. Employees that are eligible can start contributing upon hire. The option in the plan includes a discretionary matching contribution component which is determined annually, based on the financial resources and budget of the Corporation. Employees become eligible for the matching contribution after a year of employment and 1,000 hours. The employer match contributions are tied to a three year vesting schedule with participants becoming fully vested after three years. Contributions to the plan for the year ended June 30, 2019 amounted to $105,057.

Note 10. Donated Goods and Services

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

The Corporation received donated accounting services amounting to $6,000 for the year ended June 30, 2019.

Note 11. Concentration of Credit Risk

The Corporation maintains its cash balances at various financial institutions. The Company's cash balances are insured up to $250,000, per depositor at each financial institution. Deposits in excess of federally insured limits at June 30, 2019 were approximately $208,000.

Note 12. Fair Value Measurements

The Fair Value Measurements Topic of the FASB Accounting Standards Codification (FASB ASC 820-10) establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are as follows:

- Level 1 – inputs are unadjusted, quoted prices in active markets for identical assets at the measurement date. The types of assets carried at level 1 fair value generally are securities listed in active markets. The Corporation has valued their investments, listed on national exchanges at the last sales price as of the day of valuation.

- Level 2 – inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

- Level 3 – inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option-pricing models, discounted cash flow models, and similar techniques.

The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with investing in those investments.

Financial assets carried at fair value on a recurring basis consist of the following at June 30, 2019:

	Level 1	Level 3
Assets:		
Cash	$ 689,715	$ -
Domestic and international equities:		
Materials	21,240	-
Consumer cyclical	65,371	-
Financial services	84,941	-
Real estate	14,111	-
Consumer defensive	34,110	-
Healthcare	62,578	-
Utilities	11,116	-
Communication services	15,840	-
Energy	35,161	-
Industrials	61,238	-
Technology	97,349	-
Debt security - bonds	905,933	-
Contributions receivable	-	689,966
	$ 2,098,705	$ 689,966

All assets have been valued using a market or income approach and have been consistently applied. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other sources.

Contributions receivable have been valued using an income approach and have been consistently applied. The income approach uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

The Corporation has elected the fair value option for recording long-term contributions receivable. As a result of this election, contributions receivable are reported at fair value initially and in subsequent periods. This option simplifies the recordkeeping aspect of accounting for contributions receivable by eliminating the requirement to amortize the resulting discount.

		Contributions Receivable
Balance, ending of year ended June 30, 2018	$	1,194,997
Contributions		19,220
Payments received and bad debt write offs		(524,251)
Balance, ending of year ended June 30, 2019	$	**689,966**

Generally accepted accounting principles require disclosure of an estimate of fair value of certain financial instruments. The Corporation's significant financial instruments are cash and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

Note 13. Endowment Funds and Net Assets

The Corporation adheres to the Other Presentation Matters section of the Presentation of Financial Statements for Not-for-Profit Organizations topic of the FASB ASC 958-205-45. FASB ASC 958-205-45 provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). FASB ASC 958-205-45 also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

The State of New Hampshire enacted UPMIFA effective July 1, 2008, the provisions of which apply to endowment funds existing on or established after that date. The Corporation adopted FASB ASC 958-205-45 during the year ended June 30, 2011. The Corporation's endowment is comprised of two named funds and currently includes only donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Corporation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Corporation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Corporation in a manner consistent with the standard of prudence prescribed in UPMIFA.

In accordance with UPMIFA, the Corporation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the various funds

(2) The purposes of the donor-restricted endowment funds

(3) General economic conditions

(4) The possible effect of inflation and deflation

(5) The expected total return from income and the appreciation of investments

(6) Other resources of the Corporation

(7) The investment policies of the Corporation

Underwater Endowment Funds: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. The Corporation did not have any funds with deficiencies for the year ended June 30, 2019.

Investment Return Objectives, Risk Parameters and Strategies: The Corporation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk.

According to this policy, endowment assets will be invested in a well-diversified asset mix that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to yield an annual distribution of not more than 4%, while growing the funds if possible. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy: The Corporation has a policy of appropriating for distribution each year not more than 4% of its endowment fund's average fair market value over the twelve calendar quarters preceding the year to which the distribution applies. In establishing this policy, the Corporation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity based on donor restrictions, and the possible effects of inflation. The Corporation expects the current spending policy to allow its endowment funds to grow at a nominal average rate, which is consistent with the Corporation's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

Endowment net asset composition by type of fund as of June 30, 2019 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 360,384	$ **360,384**

Endowment net assets as of June 30, 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2018	$ -	$ 358,521	$ **358,521**
Investment return, interest	-	1	1
Unrealized gain on investment	-	13,905	13,905
Appropriation of endowment assets for expenditure	-	(12,043)	(12,043)
Endowment net assets, June 30, 2019	$ -	$ 360,384	$ **360,384**

Note 14. Net Assets Without Donor Restrictions

The Corporation's net assets without donor restrictions is comprised of the following:

June 30,	**2019**
Undesignated	$ 4,470,017
Board designated for innovation campaign	20,716
Board designated investments	181,246
Board designated for general expenditures	202,456
Total net assets without donor restrictions	$ **4,874,435**

Note 15. Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2019 consisted of investment principals maintained in perpetuity and the income earned may be used to support operations. Net assets of gifts and other unexpended revenues available for the following purposes:

June 30,		**2019**
Subject to expenditure for specified purpose or period:		
Grant proceeds with reversionary rights	$	58,744
Innovation campaign and fund		2,056,094
Justice grant		17,360
Opioid coverage		15,526
The Exchange and All Things Considered		543,741
Other programs		13,615
Total subject to expenditure for specified purpose or period:		2,705,080
Endowments subject to the Organization's spending policy and appropriation:		
Investments in perpetuity (original amounts of $232,547 in 2019), which once appropriated, is expendable to support:		
Any activities of the Organization	$	360,384
Total net assets with donor restrictions	$	**3,065,464**

Note 16. Annuity Agreements

In a prior year, the Corporation received correspondence from National Public Radio, Inc. regarding annuity agreements for which the Corporation has been named a beneficiary. Under these agreements, National Public Radio, Inc. will administer the gift annuities for a fee of 8% and the Corporation will receive the residual gifts. There were no amounts received under annuity agreements for the year ended June 30, 2019.

Note 17. Liquidity and Availability of Resources

The following reflects the Corporation's financial assets available to meet cash needs to general expenditures within one year as of the balance sheet date:

June 30,		2019
Cash	$	1,153,440
Contributions receivable		689,966
Bequest receivable		101,667
Accounts receivable		499,837
Investments		2,098,705
Total financial assets		4,543,615
Less amounts unavailable for general expenditures within one year, due to:		
Subject to appropriation and satisfaction of donor restrictions		(1,904,289)
Amounts unavailable to management without Board's approval:		
Board designated for general expenditures		(202,456)
Board designated investments		(181,246)
Board designated for innovation campaign		(20,716)
Total financial assets available to management for general expenditure within one year	$	2,234,908

To help manage unanticipated liquidity needs the Corporation has a committed line of credit of $250,000, which it could draw upon. Additionally, the Corporation has Board Designated net assets without donor restrictions that, while the Corporation does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, if necessary.

Note 18. Reclassification

Certain reclassifications have been made to the prior year amounts to conform to the current year presentation. Such reclassifications have no effect on net assets as previously reported.

Note 19. Subsequent Events

The Corporation has evaluated subsequent events through November 20, 2019, the date which the financial statements were available to be issued, and have not evaluated subsequent events after that date. No subsequent events were identified that would require disclosure in the financial statements for the year ended June 30, 2019.