



MAINE PUBLIC BROADCASTING CORPORATION
d/b/a



FINANCIAL STATEMENTS

June 30, 2020 and 2019

With Independent Auditor's Report

**MAINE PUBLIC BROADCASTING CORPORATION
D/B/A MAINE PUBLIC**

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Maine Public Broadcasting Corporation
d/b/a Maine Public

We have audited the accompanying financial statements of Maine Public Broadcasting Corporation d/b/a Maine Public (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, 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 U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free 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 U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Maine Public Broadcasting Corporation d/b/a Maine Public as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Berry Dunn McNeil & Parker, LLC

Portland, Maine
November 9, 2020

**MAINE PUBLIC BROADCASTING CORPORATION
D/B/A MAINE PUBLIC**

Statements of Financial Position

June 30, 2020 and 2019

ASSETS

	<u>2020</u>	<u>2019</u>
Current assets		
Cash and cash equivalents	\$ 6,167,727	\$ 3,680,996
Cash internally designated for capital purposes	356,392	355,857
Accounts and grants receivable	192,841	4,214
Pledges receivable within one year	1,736,104	1,877,651
Prepaid expenses	<u>99,022</u>	<u>121,628</u>
Total current assets	<u>8,552,086</u>	<u>6,040,346</u>
Property and equipment		
Broadcast equipment	21,779,549	21,479,322
Land and improvements	269,578	259,978
Buildings and improvements	5,048,234	5,034,902
Office equipment and furniture	2,415,926	2,644,057
Automotive equipment	<u>495,733</u>	<u>549,449</u>
	30,009,020	29,967,708
Accumulated depreciation	<u>(23,679,553)</u>	<u>(23,259,000)</u>
Total property and equipment	<u>6,329,467</u>	<u>6,708,708</u>
Other assets		
Unemployment compensation deposit	62,017	61,994
Investments	6,992,797	6,697,906
Cash and cash equivalents restricted for capital purposes	3,439,063	2,005,893
Pledges receivable after one year	<u>616,444</u>	<u>952,000</u>
Total other assets	<u>11,110,321</u>	<u>9,717,793</u>
Total assets	<u>\$ 25,991,874</u>	<u>\$ 22,466,847</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Current portion of note payable	\$ 424,102	\$ -
Accounts payable	85,427	119,444
Accrued expenses and other	<u>821,295</u>	<u>639,748</u>
Total current liabilities	<u>1,330,824</u>	<u>759,192</u>
Accrued postretirement benefits	48,464	56,064
Note payable	<u>869,898</u>	<u>-</u>
Total liabilities	<u>2,249,186</u>	<u>815,256</u>
Net assets		
Without donor restrictions		
Operations	10,380,290	10,037,312
Board designated investment	<u>6,369,846</u>	<u>6,089,612</u>
Total net assets without donor restrictions	<u>16,750,136</u>	<u>16,126,924</u>
With donor restrictions	<u>6,992,552</u>	<u>5,524,667</u>
Total net assets	<u>23,742,688</u>	<u>21,651,591</u>
Total liabilities and net assets	<u>\$ 25,991,874</u>	<u>\$ 22,466,847</u>

The accompanying notes are an integral part of these financial statements.

**MAINE PUBLIC BROADCASTING CORPORATION
D/B/A MAINE PUBLIC**

Statement of Activities

**Year Ended June 30, 2020
(With Summarized Comparative Totals for 2019)**

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Operating revenues and support				
Membership	\$ 6,263,674	\$ -	\$ 6,263,674	\$ 5,658,390
State of Maine Corporation for Public Broadcasting	1,575,000	-	1,575,000	1,500,000
Contributions	2,087,837	-	2,087,837	1,864,021
Underwriting	1,677,786	26,608	1,704,394	2,051,039
Government grants	-	2,775,934	2,775,934	2,689,840
Interest on short-term investments	749,899	-	749,899	385,911
Investment income allocated under spending formula	73,675	-	73,675	38,301
Other	-	-	-	190,000
In-kind	395,635	-	395,635	396,249
Net assets released from restrictions	1,250	-	1,250	3,000
	2,745,883	(2,745,883)	-	-
Total operating revenues and support	15,570,639	56,659	15,627,298	14,776,751
Operating expenses				
Program service				
Technical	2,335,298	-	2,335,298	2,464,719
Programming and production	6,173,005	-	6,173,005	6,032,512
Public information	531,216	-	531,216	499,709
Total program services	9,039,519	-	9,039,519	8,996,940
Development	3,082,095	-	3,082,095	2,969,122
Administration	1,959,730	-	1,959,730	1,928,628
Depreciation	1,391,807	-	1,391,807	1,300,389
Total operating expenses	15,473,151	-	15,473,151	15,195,079
Changes in net assets from operations	97,488	56,659	154,147	(418,328)
Nonoperating activities				
Contributions	359,201	1,453,304	1,812,505	2,335,759
Investment income	113,523	10,922	124,445	324,099
Investment income allocated under spending formula	-	-	-	(190,000)
Net assets released from restrictions	53,000	(53,000)	-	-
Total nonoperating activities	525,724	1,411,226	1,936,950	2,469,858
Change in net assets	623,212	1,467,885	2,091,097	2,051,530
Net assets, beginning of year	16,126,924	5,524,667	21,651,591	19,600,061
Net assets, end of year	\$ 16,750,136	\$ 6,992,552	\$ 23,742,688	\$ 21,651,591

The accompanying notes are an integral part of these financial statements.

**MAINE PUBLIC BROADCASTING CORPORATION
D/B/A MAINE PUBLIC**

Statement of Activities

Year Ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating revenues and support			
Membership	\$ 5,658,390	\$ -	\$ 5,658,390
State of Maine	1,500,000	-	1,500,000
Corporation for Public Broadcasting	1,864,021	-	1,864,021
Contributions	2,001,039	50,000	2,051,039
Underwriting	-	2,689,840	2,689,840
Government grants	385,911	-	385,911
Interest on short-term investments	38,301	-	38,301
Investment income allocated under spending formula	172,255	17,745	190,000
Other	396,249	-	396,249
In-kind	3,000	-	3,000
Net assets released from restrictions	<u>3,677,260</u>	<u>(3,677,260)</u>	<u>-</u>
Total operating revenues and support	<u>15,696,426</u>	<u>(919,675)</u>	<u>14,776,751</u>
Operating expenses			
Program service			
Technical	2,464,719	-	2,464,719
Programming and production	6,032,512	-	6,032,512
Public information	<u>499,709</u>	<u>-</u>	<u>499,709</u>
Total program services	<u>8,996,940</u>	<u>-</u>	<u>8,996,940</u>
Development	2,969,122	-	2,969,122
Administration	1,928,628	-	1,928,628
Depreciation	<u>1,300,389</u>	<u>-</u>	<u>1,300,389</u>
Total operating expenses	<u>15,195,079</u>	<u>-</u>	<u>15,195,079</u>
Changes in net assets from operations	501,347	(919,675)	(418,328)
Nonoperating activities			
Contributions	206,591	2,129,168	2,335,759
Investment income	294,324	29,775	324,099
Amount allocated under spending formula	(172,255)	(17,745)	(190,000)
Net assets released from restrictions	<u>67,245</u>	<u>(67,245)</u>	<u>-</u>
Total nonoperating activities	<u>395,905</u>	<u>2,073,953</u>	<u>2,469,858</u>
Change in net assets	897,252	1,154,278	2,051,530
Net assets, beginning of year	<u>15,229,672</u>	<u>4,370,389</u>	<u>19,600,061</u>
Net assets, end of year	<u>\$ 16,126,924</u>	<u>\$ 5,524,667</u>	<u>\$ 21,651,591</u>

The accompanying notes are an integral part of these financial statements.

**MAINE PUBLIC BROADCASTING CORPORATION
D/B/A MAINE PUBLIC**

Statement of Functional Expenses

**Year Ended June 30, 2020
(With Summarized Comparative Totals for 2019)**

	2020							2019
	Program Service				Support Services			Total
	Technical	Programming and Production	Public Information	Total	Development	Administration	Total	
Salaries and benefits	\$ 1,054,420	\$ 3,599,988	\$ 356,230	\$ 5,010,638	\$ 1,960,267	\$ 1,129,137	\$ 8,100,042	\$ 8,110,578
Programming	-	1,950,658	-	1,950,658	-	-	1,950,658	1,907,380
Professional services	368,637	328,565	39,437	736,639	226,965	207,727	1,171,331	1,077,384
Printing	-	1,650	48,914	50,564	194,496	97	245,157	280,640
Electricity	290,032	-	-	290,032	-	30,663	320,695	323,661
Maintenance	144,355	3,671	-	148,026	569	133,771	282,366	276,206
Postage	481	331	40,574	41,386	131,904	11,465	184,755	167,733
Travel and conference	35,978	51,443	4,044	91,465	33,983	26,465	151,913	212,616
Rent	254,512	8,133	-	262,645	803	120,332	383,780	374,711
Insurance	19,414	72,095	7,060	98,569	42,842	14,781	156,192	142,328
Telephone	67,046	14,964	-	82,010	12,200	98,901	193,111	170,451
Premiums	-	-	-	-	130,558	-	130,558	120,367
Miscellaneous	284	12,949	1,283	14,516	142,950	37,045	194,511	184,535
Office and technical supplies	29,270	41,450	12,885	83,605	6,967	17,889	108,461	121,153
Minor equipment	-	4,115	-	4,115	-	14,093	18,208	10,134
Computer services	66,994	1,656	-	68,650	-	-	68,650	65,786
Bank fees and discounts	-	-	-	-	180,352	7,626	187,978	175,029
Advertising	-	16	12,784	12,800	-	6,502	19,302	16,423
Special events	-	-	7,619	7,619	9,334	-	16,953	8,244
Professional dues	-	47,346	-	47,346	953	65,051	113,350	105,077
Strategic initiative/training	-	2,068	-	2,068	626	11,882	14,576	10,432
Video tape	-	1,369	-	1,369	-	-	1,369	280
Subscriptions	3,875	30,538	386	34,799	6,326	2,803	43,928	23,542
Other taxes	-	-	-	-	-	23,500	23,500	10,000
Subtotal	2,335,298	6,173,005	531,216	9,039,519	3,082,095	1,959,730	14,081,344	13,894,690
Depreciation	1,056,026	118,132	23,754	1,197,912	144,159	49,736	1,391,807	1,300,389
Totals	<u>\$ 3,391,324</u>	<u>\$ 6,291,137</u>	<u>\$ 554,970</u>	<u>\$ 10,237,431</u>	<u>\$ 3,226,254</u>	<u>\$ 2,009,466</u>	<u>\$ 15,473,151</u>	<u>\$ 15,195,079</u>

The accompanying notes are an integral part of these financial statements.

**MAINE PUBLIC BROADCASTING CORPORATION
D/B/A MAINE PUBLIC**

Statement of Functional Expenses

Year Ended June 30, 2019

	2019						
	Program Services				Support Services		
	<u>Technical</u>	<u>Programming and Production</u>	<u>Public Information</u>	<u>Total</u>	<u>Development</u>	<u>Administration</u>	<u>Total</u>
Salaries and benefits	\$ 1,173,977	\$ 3,510,936	\$ 343,368	\$ 5,028,281	\$ 1,948,572	\$ 1,133,725	\$ 8,110,578
Programming	-	1,907,380	-	1,907,380	-	-	1,907,380
Professional services	383,181	329,007	24,758	736,946	136,036	204,402	1,077,384
Printing	-	674	46,246	46,920	232,680	1,040	280,640
Electricity	286,159	73	-	286,232	-	37,429	323,661
Maintenance	154,969	4,167	-	159,136	-	117,070	276,206
Postage	250	463	42,243	42,956	118,248	6,529	167,733
Travel and conference	37,266	57,560	5,497	100,323	55,774	56,519	212,616
Rent	248,742	11,588	-	260,330	-	114,381	374,711
Insurance	19,469	66,277	6,490	92,236	36,951	13,141	142,328
Telephone	56,977	14,844	-	71,821	11,325	87,305	170,451
Premiums	-	-	-	-	120,367	-	120,367
Miscellaneous	1,127	14,627	4,760	20,514	125,631	38,390	184,535
Office and technical supplies	37,128	39,570	15,323	92,021	7,394	21,738	121,153
Minor equipment	-	9,664	-	9,664	-	470	10,134
Computer services	64,130	1,656	-	65,786	-	-	65,786
Bank fees and discounts	-	-	-	-	167,493	7,536	175,029
Advertising	-	639	8,401	9,040	-	7,383	16,423
Special events	-	-	1,938	1,938	6,306	-	8,244
Professional dues	-	43,891	-	43,891	1,554	59,632	105,077
Strategic initiative/training	-	-	-	-	-	10,432	10,432
Video tape	-	280	-	280	-	-	280
Subscriptions	1,344	19,216	685	21,245	791	1,506	23,542
Other taxes	-	-	-	-	-	10,000	10,000
Subtotal	<u>2,464,719</u>	<u>6,032,512</u>	<u>499,709</u>	<u>8,996,940</u>	<u>2,969,122</u>	<u>1,928,628</u>	<u>13,894,690</u>
Depreciation	<u>965,073</u>	<u>114,872</u>	<u>25,284</u>	<u>1,105,229</u>	<u>143,960</u>	<u>51,200</u>	<u>1,300,389</u>
Totals	<u>\$ 3,429,792</u>	<u>\$ 6,147,384</u>	<u>\$ 524,993</u>	<u>\$ 10,102,169</u>	<u>\$ 3,113,082</u>	<u>\$ 1,979,828</u>	<u>\$ 15,195,079</u>

The accompanying notes are an integral part of these financial statements.

**MAINE PUBLIC BROADCASTING CORPORATION
D/B/A MAINE PUBLIC**

Statements of Cash Flows

June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ 2,091,097	\$ 2,051,530
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,391,807	1,300,389
Net gain on investments	(1,142)	(193,477)
Contributions restricted for long-term investment	(1,452,744)	(2,004,168)
(Increase) decrease in		
Accounts and grants receivable	(188,627)	3,061
Prepaid expenses	22,606	(22,749)
Unemployment compensation deposit	(23)	(31)
(Increase) decrease in		
Accounts payable	(34,017)	(106,482)
Accrued expenses and other	181,547	7,475
Accrued postretirement benefits	(7,600)	(7,600)
Net cash provided by operating activities	<u>2,002,904</u>	<u>1,027,948</u>
Cash flows from investing activities		
Purchase of property and equipment	(1,012,566)	(1,069,140)
Proceeds from the sale of investments	1,091,066	2,210,145
Purchase of investments	(1,384,815)	(2,356,379)
Net cash used by investing activities	<u>(1,306,315)</u>	<u>(1,215,374)</u>
Cash flows from financing activities		
Contributions restricted for long-term investment	1,929,847	2,954,811
Proceeds from note payable	1,294,000	-
Net cash provided by financing activities	<u>3,223,847</u>	<u>2,954,811</u>
Change in cash and cash equivalents	3,920,436	2,767,385
Cash and cash equivalents, beginning of year	<u>6,042,746</u>	<u>3,275,361</u>
Cash and cash equivalents, end of year	\$ <u>9,963,182</u>	\$ <u>6,042,746</u>
Composition of cash and cash equivalents at end of year		
Cash and cash equivalents	\$ 6,167,727	\$ 3,680,996
Cash internally designated for capital purchases	356,392	355,857
Cash and cash equivalents restricted for capital purposes	3,439,063	2,005,893
	\$ <u>9,963,182</u>	\$ <u>6,042,746</u>
Supplemental disclosures of cash flow information		
Cash paid during the year for income taxes	\$ <u>23,500</u>	\$ <u>10,000</u>

The accompanying notes are an integral part of these financial statements.

**MAINE PUBLIC BROADCASTING CORPORATION
D/B/A MAINE PUBLIC**

Notes to Financial Statements

June 30, 2020 and 2019

1. Summary of Significant Accounting Policies

Organization

Maine Public Broadcasting Corporation d/b/a Maine Public (Maine Public) is a statewide broadcasting system: Maine Public Television (five stations), Maine Public Radio (seven stations) and Maine Public Classical (six radio stations). Serving the people of Maine and beyond, Maine Public is a nonprofit, noncommercial public broadcast entity funded by a unique public/private partnership. Maine Public is affiliated with the Public Broadcasting System (PBS) and National Public Radio (NPR).

Basis of Presentation

The accompanying financial statements, which are presented on the accrual basis of accounting, focus on Maine Public as a whole. Assets and liabilities have been shown in order of liquidity. Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

The financial statements of Maine Public have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which require Maine Public to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Maine Public's management and Board of Trustees.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Maine Public's or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has concluded that realization of losses on balances outstanding at year-end will be immaterial.

**MAINE PUBLIC BROADCASTING CORPORATION
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Notes to Financial Statements

June 30, 2020 and 2019

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. Charitable lead interest trusts are included in pledges receivable at the present value of future distributions.

Property and Equipment

Property and equipment are recorded at cost or, in the case of donated property, at estimated fair value at date of receipt. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. The estimated lives of such assets range between three and thirty-five years. Maine Public capitalizes the cost of purchases in excess of \$2,500. Costs of repairs and maintenance are charged to operating expenses as incurred. Upon sale or retirement, the cost and accumulated depreciation are removed and any resulting gain or loss is included in the statements of activities.

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 support at their estimated fair value at the date of donation. Such donations are reported as contributions without donor restrictions, 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 contributions with donor restrictions. In the absence of donor stipulations regarding how long the contributed assets must be used, Maine Public reports expirations of donor restrictions when the donated or acquired assets are placed in service.

Contributions

Contributions received, including unconditional promises to give, are recognized as revenues when donor's commitments are received.

All contributions are included in net assets without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as support that increases net assets with donor restrictions.

**MAINE PUBLIC BROADCASTING CORPORATION
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Notes to Financial Statements

June 30, 2020 and 2019

A donor restriction expires when a stipulated time restriction ends or when a purpose is accomplished. Upon expiration, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are included as contributions without donor restrictions.

Investments

Investments are carried at fair value, and realized and unrealized gains and losses are reflected in the statements of activities. Donated securities are recorded at their fair value on the date received from the donor.

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

Investment Objective: Maine Public invests for long-term growth of capital with moderate income requirements. Growth accounts will experience moderate to high levels of portfolio fluctuations to achieve long-term objectives.

Return Objective: Consistent with the asset class return assumptions, the long-term expected annual return for this objective should fall within a range between 5.5% and 7%.

Risk Tolerance: Maine Public recognizes that the long-range objective implies a high level of equity exposure and consequent market price volatility. The risk of the equity and fixed income portfolio shall be consistent with their respective indexes.

Asset Allocation: The asset allocation range shall be: 51% - 71% in equities, 15% - 45% in fixed income, and 2% - 13% in alternative asset classes (including REITs and commodities).

Time Horizon: Long-term.

Spending Policy: Trustees have adopted a 4% annual spending rule based on a three-year rolling average market value calculated at prior fiscal year-end.

Performance Measurement: The investment performance of this portfolio will be measured against both a blended benchmark and a static benchmark. The dynamically-weighted blended benchmark shall consist of the Citi 3-Month T-Bill, S&P 500, Russell 2000, S&P Mid-Cap 400, MSCI EAFE, MSCI EM, Dow Jones UBS Commodities, Morgan Stanley REIT, and the BarCap Intermediate Govt/Credit Indexes. The static benchmark shall consist of 70% MSCI All-Country World Index / 30% BarCap U.S. Government 1-5 year Index.

Investment income is credited to net assets without donor restrictions unless otherwise designated by the donor. Related interest and dividends are recorded on the accrual basis.

**MAINE PUBLIC BROADCASTING CORPORATION
D/B/A MAINE PUBLIC**

Notes to Financial Statements

June 30, 2020 and 2019

Operating and Nonoperating Activities

Maine Public reports its revenues and expenses as operating or nonoperating activities in the statements of activities. Nonoperating activities include contributions to the Board designated or donor-restricted endowment funds, investment gains and losses of the endowment funds and contributions to fund capital projects, and the release thereof when Maine Public has complied with the donative restrictions.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Those expenses include depreciation expense, which is allocated in part based on full-time equivalents, and insurance, which is allocated entirely by full-time equivalents. Other expenses are charged directly to the program they serve.

Income Taxes

Maine Public is exempt from federal income taxes under the provisions of tax code Section 501(c)(3). Certain activities of Maine Public are unrelated business income and, therefore, subject to federal and state income tax.

Cash and Cash Equivalents

Maine Public considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents. Any cash classified as long-term investments is not considered a cash equivalent because it is not designated for current use by the Board of Trustees.

2. Cash and Cash Equivalents

Maine Public maintains checking accounts, certificates of deposit, and money market accounts at various Maine financial institutions. These accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. Amounts in excess of FDIC coverage have been collateralized.

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3. Pledges Receivable

Included in pledges receivable are the following unconditional promises to give:

	<u>2020</u>	<u>2019</u>
Underwriting	\$ 1,420,257	\$ 1,306,936
General	28,897	96,432
Capital campaign	757,574	1,256,529
Charitable lead interest trust	<u>183,000</u>	<u>236,000</u>
	2,389,728	2,895,897
Less discount	<u>(37,180)</u>	<u>(66,246)</u>
Total unconditional promises to give	<u>\$ 2,352,548</u>	<u>\$ 2,829,651</u>
Amount due in:		
Less than one year	\$ 1,736,104	\$ 1,877,651
One to five years	<u>616,444</u>	<u>952,000</u>
	<u>\$ 2,352,548</u>	<u>\$ 2,829,651</u>

4. Investments

Maine Public's Board of Trustees has interpreted state law as requiring the preservation of the original gifts to donor-restricted endowment funds as net assets with donor restrictions of perpetual duration. Accordingly, except for explicit donor stipulations specifying reinvestment of some or all of income and appreciation, amounts not considered of perpetual duration are classified as net assets with donor restrictions until appropriated for expenditure. Maine Public elected not to spend from the endowment for the year ended June 30, 2020. Maine Public's Finance Committee elected to spend \$190,000 from the total endowment for the year ended June 30, 2019. These amounts were less than the amount allowed to be spent under Maine Public's spending policy.

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Maine Public's investments at June 30 consist of the following:

	<u>2020</u>	<u>2019</u>
Cash and money market accounts	\$ 408,205	\$ 191,180
U.S. government agency obligations	918,891	880,028
Corporate bonds	878,629	1,057,683
Mutual funds - fixed income	329,100	171,764
Mutual funds - equity securities	<u>4,457,972</u>	<u>4,397,251</u>
	<u>\$ 6,992,797</u>	<u>\$ 6,697,906</u>

Endowment net asset composition by type of fund as of June 30, 2020 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 622,951	\$ 622,951
Board designated endowment funds	<u>6,369,846</u>	<u>-</u>	<u>6,369,846</u>
Total funds	<u>\$ 6,369,846</u>	<u>\$ 622,951</u>	<u>\$ 6,992,797</u>

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 608,294	\$ 608,294
Board designated endowment funds	<u>6,089,612</u>	<u>-</u>	<u>6,089,612</u>
Total funds	<u>\$ 6,089,612</u>	<u>\$ 608,294</u>	<u>\$ 6,697,906</u>

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 relevant state law requires Maine Public to retain as a fund of perpetual duration. There were no deficiencies of this nature as of June 30, 2020 and 2019.

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June 30, 2020 and 2019

Changes in endowment net assets for the year ended June 30, 2020 are, as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Beginning of year	\$ 6,089,612	\$ 608,294	\$ 6,697,906
Investment return			
Interest and dividends	127,334	-	127,334
Net (loss) gain	(12,064)	10,922	(1,142)
Contributions	<u>164,964</u>	<u>3,735</u>	<u>168,699</u>
End of year	<u>\$ 6,369,846</u>	<u>\$ 622,951</u>	<u>\$ 6,992,797</u>

Changes in endowment net assets for the year ended June 30, 2019 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Beginning of year	\$ 5,766,600	\$ 591,595	\$ 6,358,195
Investment return			
Interest and dividends	32,837	-	32,837
Net gain	263,268	29,776	293,044
Contributions	199,662	4,168	203,830
Appropriation of endowment assets for expenditure	<u>(172,755)</u>	<u>(17,245)</u>	<u>(190,000)</u>
End of year	<u>\$ 6,089,612</u>	<u>\$ 608,294</u>	<u>\$ 6,697,906</u>

5. Liquidity and Availability of Financial Assets

Maine Public regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to optimize the investment of its available funds. Maine Public has various sources of liquidity at its disposal, including cash and cash equivalents, investments, and lines of credit.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Maine Public considers all expenditures related to its ongoing operating activities. In addition to financial assets available to meet general expenditures over the next 12 months, Maine Public operates with a balanced budget and anticipates collecting sufficient revenue to cover expenditures not covered by donor-restricted resources or, where appropriate, borrowings.

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June 30, 2020 and 2019

As of June 30, 2020, Maine Public has working capital of \$7,221,262 and average days (based on normal expenditures) of cash and cash equivalents without designation or restriction on hand of 169 days.

Financial assets and liquid resources available within 12 months for general expenditures were as follows as of June:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 6,167,727	\$ 3,680,996
Accounts and grants receivable	192,841	4,214
Pledges receivable within one year	978,530	621,122
Investments	6,992,797	6,697,906
Expected appropriation of donor-restricted endowment funds for use over the next 12 months	<u>230,000</u>	<u>190,000</u>
	14,561,895	11,194,238
Less: investments - with donor restrictions	(622,951)	(608,294)
Less: investments - without donor restrictions	<u>(6,369,846)</u>	<u>(6,089,612)</u>
	<u>\$ 7,569,098</u>	<u>\$ 4,496,332</u>

Maine Public's governing board has designated a portion of its unrestricted resources for long-term investment and other purposes. Those amounts are identified as investments - without donor restrictions in the table above. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the Board.

Maine Public's goal is generally to maintain financial assets to meet three months of operating expenses (approximately \$3.5 million).

In addition to the resources discussed above, Maine Public has two lines of credit available to meet short-term needs, as discussed in Note 6.

6. Note Payable

As a result of the coronavirus disease 2019 (COVID-19) pandemic, Maine Public secured a loan through the Payroll Protection Program provision of the Coronavirus Aid, Relief and Economic Security (CARES) Act. Maine Public received \$1,294,000 under this program and substantially, if not, all of the balance will be forgiven under the provisions of the CARES Act. For any balance not forgiven, payments of principal and interest at 1% will commence in November 2020 through November 2022.

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7. Lines of Credit

Maine Public has available two \$500,000 unsecured lines of credit with variable interest rates. There were no outstanding balances on the lines of credit at June 30, 2020 and 2019. The lines of credit expire in March 2021 and are subject to review at that time.

8. Postretirement Benefits

Maine Public sponsored a defined benefit postretirement medical benefit plan. The Plan provided that employees who retired from active status after reaching age 55 and had completed ten years of service or became disabled (regardless of service) were eligible. Eligible employees who retired or became disabled and their spouses (if married) continued to have 90% of their medical premiums paid by Maine Public. When retired or disabled participants reached age 65, Medicare became their primary plan and Maine Public's plan became secondary. Maine Public continued to pay 90% of medical coverage for the secondary coverage. The Plan was curtailed during the year ended June 30, 1997.

In 1997, Maine Public offered to continue special benefits to its employees who elected voluntary retirement from employment by a specified period of time and notified Maine Public by October 30, 1997. Because a significant reduction in future years of service to fill eligibility of active participants has occurred, the offer of special termination benefits resulted in a plan curtailment. The accumulated postretirement benefit obligation at June 30, 2020 and 2019 was \$48,464 and \$56,064, respectively.

9. Fair Value Measurement

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, Maine Public uses various methods, including market, income and cost approaches. Based on these approaches, Maine Public 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. Maine Public utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, Maine Public 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.

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- 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.

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

June 30, 2020	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and money market accounts	\$ 408,205	\$ 408,205	\$ -	\$ -
U.S. government agency obligations	918,891	-	918,891	-
Corporate bonds	878,629	-	878,629	-
Mutual funds - fixed income	329,100	329,100	-	-
Mutual funds - equity securities	<u>4,457,972</u>	<u>4,457,972</u>	-	-
Total	<u>\$ 6,992,797</u>	<u>\$ 5,195,277</u>	<u>\$ 1,797,520</u>	<u>\$ -</u>
June 30, 2019	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and money market accounts	\$ 191,180	\$ 191,180	\$ -	\$ -
U.S. government agency obligations	880,028	-	880,028	-
Corporate bonds	1,057,683	-	1,057,683	-
Mutual funds - fixed income	171,764	171,764	-	-
Mutual funds - equity securities	<u>4,397,251</u>	<u>4,397,251</u>	-	-
Total	<u>\$ 6,697,906</u>	<u>\$ 4,760,195</u>	<u>\$ 1,937,711</u>	<u>\$ -</u>

The fair value of Level 2 assets has been measured using quoted market prices of similar assets.

10. Retirement Plan

Employees participate in a retirement plan under Section 403(b) of the tax code through TIAA and CREF. Contributions are made both by the participant and Maine Public. Maine Public contributes between 3% and 6.5% of an employee's salary on a graduated rate based upon an employee's contribution. Maine Public's contributions were approximately \$372,000 and \$361,000 in 2020 and 2019, respectively.

11. Health Insurance Plan

Maine Public's health plan is a self-insured vehicle with a stop-loss component. Claims are handled through an independent third party benefits administrator. In the fiscal years 2020 and 2019, Maine Public's reinsurance policy provided payment for per person annual claim costs in excess of \$55,000. Total net cost for claims, administration, and stop loss insurance totaled approximately \$865,000 and \$1,211,000 for the years ended 2020 and 2019, respectively. The statements of financial position includes \$106,022 and \$127,937 of accrued medical claims as of June 30, 2020 and 2019, respectively.

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12. Related Party

Maine Public purchases various products and services from a related party, the University of Maine System (UMS). Maine Public was affiliated with said related party before incorporating in July 1992. Since then, UMS has maintained a position on Maine Public's Board of Trustees. The amount paid to the UMS totaled approximately \$75,608 and \$141,600 during the years ended 2020 and 2019, respectively. The purchases included fuel, printing and telecommunication services.

13. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
Underwriting pledges	\$ 1,420,257	\$ 1,306,936
General	105,309	173,151
Capital campaigns	<u>4,661,035</u>	<u>3,200,286</u>
	<u>6,186,601</u>	<u>4,680,373</u>
Subject to the passage of time:		
Charitable lead interest trust	183,000	236,000
Endowment gains	<u>226,440</u>	<u>215,518</u>
	<u>409,440</u>	<u>451,518</u>
Endowment funds invested in perpetuity for which income is without donor restrictions to be used for operations	<u>396,511</u>	<u>\$ 392,776</u>
Total net assets with donor restrictions	<u>\$ 6,992,552</u>	<u>\$ 5,524,667</u>

14. Contingencies

Maine Public receives funding in the form of grants from the Corporation for Public Broadcasting (CPB) which is a private, nonprofit corporation, the National Telecommunications and Information Administration (NTIA), and other federal agencies. The grants are governed by various rules and regulations and are subject to audit and adjustment by the grantors. Therefore, to the extent that Maine Public has not complied with the rules and regulations governing the grants, repayments may be required. In the opinion of Maine Public, 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.

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15. Leases

Maine Public has an operating lease, dated November 2010, for its Portland facility. The lease requires monthly rental payments of \$8,095, plus property taxes, to be adjusted annually for inflation. The lease has an expiration date of June 2022.

Maine Public has operating leases for vehicles at various monthly payments.

Maine Public also has operating leases for land used for broadcast transmission equipment at various monthly payments. These leases are for terms through 2036 with annual payments ranging from \$300 to \$72,000.

The approximate minimum future rental commitment under the above operating leases is as follows:

Years Ending June 30:

2021	\$ 359,686
2022	224,481
2023	100,502
2024	72,547
2025	69,943
Thereafter	<u>386,087</u>
	<u>\$ 1,213,246</u>

Rent expense for the above leases for the years ended 2020 and 2019 was approximately \$384,000 and \$375,000, respectively.

16. Uncertainty

During the year ended June 30, 2020, local, U.S. and world governments encouraged self-isolation to curtail the spread of the global pandemic, COVID-19, by mandating the temporary shut-down of businesses in many sectors and imposing limitations on travel and the size and duration of group meetings. While these mandates have slowly become less restrictive in some areas, most sectors are still experiencing disruption to business operations and may feel further impacts related to volatility in investment returns and reduced philanthropic support. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Therefore, while management expects this matter to negatively impact Maine Public's operating results, the full financial impact and duration cannot be reasonably estimated at this time.

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The U.S. government has responded with three phases of relief legislation, most recently with the CARES Act, which was enacted into law on March 27, 2020. One of the provisions of the CARES Act was the Payroll Protection Program, which allowed Maine Public to receive financial assistance (see Note 6). There are currently discussions underway for a potential fourth round of relief funding to support businesses across the nation, however the impact on Maine Public is not determinable at this time. If such legislation passes, management will evaluate any potential benefits and limitations that may result from any funding.

17. Subsequent Events

Management has evaluated subsequent events through November 9, 2020, the date which the financial statements were available to be issued, and has not evaluated subsequent events after that date. There were no subsequent events that would require recognition or disclosure in the financial statements as of and for the year ended June 30, 2020.