

**CONNECTICUT PUBLIC BROADCASTING, INC. AND
SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2021 AND 2020



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CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Connecticut Public Broadcasting, Inc. and Subsidiaries
Hartford, Connecticut

We have audited the accompanying consolidated financial statements of Connecticut Public Broadcasting, Inc. and Subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2021, the related consolidated statements of activities and cash flows for the year then ended, the related statement of functional expenses for the year ended June 30, 2021, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Connecticut Public Broadcasting, Inc. and Subsidiaries as of June 30, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1, during the year ended June 30, 2021, Connecticut Public Broadcasting, Inc. and Subsidiaries adopted Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Our opinion is not modified with respect to this matter.

Other Matter

The financial statements as of June 30, 2020, were audited by Blum, Shapiro & Company, P.C., whose partners and professional staff joined CliftonLarsonAllen LLP as of January 1, 2021 and has subsequently ceased operations. Blum, Shapiro & Company, P.C.'s report dated October 14, 2020, expressed an unmodified opinion on those statements.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities - without donor restrictions are presented for the purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



CliftonLarsonAllen LLP

West Hartford, Connecticut
October 29, 2021

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 553,882	\$ 633,942
Investments	2,623,965	3,274,187
Accounts receivable, net	4,821,298	4,886,601
Grants and other receivables	54,588	-
Production costs	161,549	155,149
Prepaid expenses and deposits	354,612	29,751
Total current assets	<u>8,569,894</u>	<u>8,979,630</u>
Other Assets		
Investments held for property and equipment	132,434	128,044
Investments - endowment	60,662,178	46,768,722
Intangibles, net	248,800	311,000
Other investments	97,621	26,229
Total other assets	<u>61,141,033</u>	<u>47,233,995</u>
Property, Equipment and Leasehold Improvements		
Land and improvements	786,710	786,710
Building	14,178,685	14,098,438
Equipment	39,782,448	37,735,571
Leasehold improvements	382,510	379,499
	<u>55,130,353</u>	<u>53,000,218</u>
Accumulated depreciation and amortization	(41,870,391)	(40,397,355)
Construction in progress	61,293	931,668
Net property, equipment and leasehold improvements	<u>13,321,255</u>	<u>13,534,531</u>
Total Assets	<u>\$ 83,032,182</u>	<u>\$ 69,748,156</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Line of credit	\$ -	\$ 1,000,000
Accounts payable and accrued expenses	3,756,441	3,057,950
Paycheck Protection Program advance	-	63,897
Deferred revenue	2,227,524	43,555
Total current liabilities	<u>5,983,965</u>	<u>4,165,402</u>
Noncurrent Liabilities		
Deferred other	<u>71,392</u>	<u>-</u>
Net Assets		
Without donor restrictions	74,020,335	61,199,913
With donor restrictions	2,956,490	4,382,841
Total net assets	<u>76,976,825</u>	<u>65,582,754</u>
Total Liabilities and Net Assets	<u>\$ 83,032,182</u>	<u>\$ 69,748,156</u>

The accompanying notes are an integral part of the consolidated financial statements

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Underwriting support	\$ 5,830,289	\$ -	\$ 5,830,289
Subscription and membership income	6,160,444	846,175	7,006,619
Annual spending distribution	2,294,545	-	2,294,545
Corporation for Public Broadcasting	1,990,242	-	1,990,242
Paycheck Protection Program	1,813,897	-	1,813,897
Video services	931,000	-	931,000
Auctions and special events	7,030	-	7,030
Planned gifts and bequests	308,641	-	308,641
Contributed in-kind support	167,741	-	167,741
Nonbroadcasting services	151,299	-	151,299
Miscellaneous	62,535	-	62,535
Donated personal services of volunteers	21,277	-	21,277
Release from restrictions	2,678,056	(2,678,056)	-
Total revenues	<u>22,416,996</u>	<u>(1,831,881)</u>	<u>20,585,115</u>
Expenses			
Program services:			
Programming and production	11,611,603	-	11,611,603
Broadcasting	1,316,276	-	1,316,276
Contributed in-kind support	163,366	-	163,366
Program information	1,397,289	-	1,397,289
Total program services	<u>14,488,534</u>	<u>-</u>	<u>14,488,534</u>
Supporting services:			
Fundraising and membership development:			
Membership development	2,343,962	-	2,343,962
Other fundraising expenses	724,092	-	724,092
Contributed in-kind support	4,375	-	4,375
Donated personal services of volunteers	21,277	-	21,277
Management and general	3,255,290	-	3,255,290
Total supporting services	<u>6,348,996</u>	<u>-</u>	<u>6,348,996</u>
Reorganization costs	186,399	-	186,399
Video services:			
Cost of production	930,971	-	930,971
General and administrative	60,018	-	60,018
Total video services	<u>990,989</u>	<u>-</u>	<u>990,989</u>
Total expenses	<u>22,014,918</u>	<u>-</u>	<u>22,014,918</u>
Change in net assets before other activities	<u>402,078</u>	<u>(1,831,881)</u>	<u>(1,429,803)</u>
Other Activities			
Income from Channel Sharing Agreement, net of expenses	(25,000)	-	(25,000)
Contributions restricted for capital additions	-	612,678	612,678
Income from licensing of intangible assets	1,622,530	-	1,622,530
Investment return, net	14,231,845	277,069	14,508,914
Release of restricted assets for capital additions	1,000,228	(1,000,228)	-
Transfer of funds	(516,011)	516,011	-
Interest expense	(65,468)	-	(65,468)
Depreciation and amortization	(1,535,235)	-	(1,535,235)
Annual spending distribution	(2,294,545)	-	(2,294,545)
Net nonoperating revenues and expenses	<u>12,418,344</u>	<u>405,530</u>	<u>12,823,874</u>
Change in Net Assets	12,820,422	(1,426,351)	11,394,071
Net Assets - Beginning of Year	<u>61,199,913</u>	<u>4,382,841</u>	<u>65,582,754</u>
Net Assets - End of Year	<u>\$ 74,020,335</u>	<u>\$ 2,956,490</u>	<u>\$ 76,976,825</u>

The accompanying notes are an integral part of the consolidated financial statements

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Underwriting support	\$ 6,912,405	\$ -	\$ 6,912,405
Subscription and membership income	6,374,040	2,650,822	9,024,862
Annual spending distribution	2,373,296	-	2,373,296
Corporation for Public Broadcasting	2,256,690	-	2,256,690
Paycheck Protection Program	1,536,103	-	1,536,103
Video services	1,033,971	-	1,033,971
Auctions and special events	13,572	-	13,572
Planned gifts and bequests	69,021	-	69,021
Contributed in-kind support	191,317	-	191,317
Nonbroadcasting services	124,119	-	124,119
Miscellaneous	60,336	-	60,336
Donated personal services of volunteers	26,289	-	26,289
Release from restrictions	20,100	(20,100)	-
Total revenues	<u>20,991,259</u>	<u>2,630,722</u>	<u>23,621,981</u>
Expenses			
Program services:			
Programming and production	10,583,968	-	10,583,968
Broadcasting	1,378,071	-	1,378,071
Contributed in-kind support	169,476	-	169,476
Program information	1,242,293	-	1,242,293
Total program services	<u>13,373,808</u>	<u>-</u>	<u>13,373,808</u>
Supporting services:			
Fundraising and membership development:			
Membership development	2,801,089	-	2,801,089
Other fundraising expenses	786,393	-	786,393
Contributed in-kind support	21,841	-	21,841
Donated personal services of volunteers	26,289	-	26,289
Management and general	3,136,593	-	3,136,593
Total supporting services	<u>6,772,205</u>	<u>-</u>	<u>6,772,205</u>
Voluntary separation costs	<u>631,158</u>	<u>-</u>	<u>631,158</u>
Reorganization costs	<u>227,019</u>	<u>-</u>	<u>227,019</u>
Video services:			
Cost of production	827,583	-	827,583
General and administrative	122,382	-	122,382
Total video services	<u>949,965</u>	<u>-</u>	<u>949,965</u>
Total expenses	<u>21,954,155</u>	<u>-</u>	<u>21,954,155</u>
Change in net assets before other activities	<u>(962,896)</u>	<u>2,630,722</u>	<u>1,667,826</u>
Other Activities			
Income from Channel Sharing Agreement, net of expenses	1,269,332	-	1,269,332
Contributions restricted for capital additions	-	1,241,797	1,241,797
Income from licensing of intangible assets	1,354,260	-	1,354,260
Investment return, net	(488,626)	(11,461)	(500,087)
Release of restricted assets for capital additions	2,019,535	(2,019,535)	-
Transfer of funds	241,678	(241,678)	-
Interest expense	(72,593)	-	(72,593)
Depreciation and amortization	(1,196,970)	-	(1,196,970)
Annual spending distribution	(2,373,296)	-	(2,373,296)
Net nonoperating revenues and expenses	<u>753,320</u>	<u>(1,030,877)</u>	<u>(277,557)</u>
Change in Net Assets	(209,576)	1,599,845	1,390,269
Net Assets - Beginning of Year	<u>61,409,489</u>	<u>2,782,996</u>	<u>64,192,485</u>
Net Assets - End of Year	<u>\$ 61,199,913</u>	<u>\$ 4,382,841</u>	<u>\$ 65,582,754</u>

The accompanying notes are an integral part of the consolidated financial statements

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2021

	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Payroll and benefits	\$ 7,586,413	\$ 1,995,365	\$ 1,782,710	\$ 11,364,488
Program acquisition and network affiliation fees	3,109,827	9,125	-	3,118,952
Other professional services	645,648	748,567	432,720	1,826,935
Occupancy and utilities	843,965	80,266	599,101	1,523,332
Production	2,095,816	6,161	1,500	2,103,477
Membership benefits	443,719	255,593	136	699,448
Equipment rental and maintenance	445,636	55,484	118,585	619,705
Other	229,667	37,930	395,482	663,079
Travel, meetings and special events	82,119	2,828	10,555	95,502
Depreciation and amortization	1,079,711	222,550	232,974	1,535,235
Interest expense	37,046	-	28,422	65,468
Total Expenses	<u>\$ 16,599,567</u>	<u>\$ 3,413,869</u>	<u>\$ 3,602,185</u>	<u>\$ 23,615,621</u>

The accompanying notes are an integral part of the consolidated financial statements

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2020

	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Payroll and benefits	\$ 7,483,752	\$ 2,073,086	\$ 1,749,459	\$ 11,306,297
Program acquisition and network affiliation fees	3,237,727	9,020	-	3,246,747
Other professional services	563,891	921,224	479,374	1,964,489
Occupancy and utilities	854,322	75,833	637,583	1,567,738
Production	1,471,499	20,770	840	1,493,109
Membership benefits	487,243	391,584	197	879,024
Equipment rental and maintenance	383,099	193,577	129,033	705,709
Other	255,998	53,783	277,800	587,581
Travel, meetings and special events	125,445	46,312	31,704	203,461
Depreciation and amortization	810,349	206,374	180,247	1,196,970
Interest expense	48,440	-	24,153	72,593
Total Expenses	<u>\$ 15,721,765</u>	<u>\$ 3,991,563</u>	<u>\$ 3,510,390</u>	<u>\$ 23,223,718</u>

The accompanying notes are an integral part of the consolidated financial statements

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 11,394,071	\$ 1,390,269
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,535,235	1,196,970
Change in provision for accounts receivable	(27,019)	(62,899)
Contributions restricted for capital additions	(612,678)	(1,241,797)
Net realized and unrealized loss (gain) on investments	(14,508,914)	500,087
(Increase) decrease in operating assets:		
Accounts receivable, net	92,322	(1,656,545)
Grants and other receivables	(54,588)	39,508
Production costs	(6,400)	(150,668)
Prepaid expenses and deposits	(324,861)	(11,514)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	698,491	(1,412,730)
Paycheck Protection Program advance	(63,897)	63,897
Deferred revenue	2,183,969	19,956
Deferred other	71,392	-
Net cash provided by (used in) operating activities	<u>377,123</u>	<u>(1,325,466)</u>
Cash Flows from Investing Activities		
Purchases of securities	(1,848,631)	(3,236,137)
Sales of securities	3,038,529	5,084,352
Property, equipment and leasehold improvement additions	(1,259,759)	(2,217,312)
Net cash used in investing activities	<u>(69,861)</u>	<u>(369,097)</u>
Cash Flows from Financing Activities		
(Payment) proceeds on line of credit	(1,000,000)	1,000,000
Contributions restricted for capital additions	612,678	1,241,797
Net cash (used in) provided by financing activities	<u>(387,322)</u>	<u>2,241,797</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(80,060)	547,234
Cash and Cash Equivalents - Beginning of Year	<u>633,942</u>	<u>86,708</u>
Cash and Cash Equivalents - End of Year	<u>\$ 553,882</u>	<u>\$ 633,942</u>
Cash Paid During the Year for		
Interest	<u>\$ 65,468</u>	<u>\$ 72,595</u>

The accompanying notes are an integral part of the consolidated financial statements

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business

Connecticut Public Broadcasting, Inc., is a nonprofit organization which provides nonprofit and noncommercial television and radio services to serve the needs of the Connecticut community and contributes to the advancement of educational programs. Connecticut Public Broadcasting, Inc.'s wholly owned for-profit subsidiary, MediaVision Productions, Inc., provides television and radio equipment and services to third parties.

On November 30, 2015, a wholly owned nonprofit subsidiary was established, Connecticut Public Broadcasting Real Estate Holding Company, Inc. A majority of the real estate holdings held by Connecticut Public Broadcasting was transferred to the newly formed company.

On November 30, 2015, a wholly owned nonprofit subsidiary was established, Connecticut Public Broadcasting Endowment, Inc. There have been no assets transferred to this new subsidiary. The intent is to transfer the endowment investments into the endowment company.

The consolidated financial statements as of June 30, 2021 and 2020 include the activities of Connecticut Public Broadcasting, Inc., Connecticut Public Broadcasting Real Estate Holding Company, Inc., Connecticut Public Broadcasting Endowment, Inc., and MediaVision Productions, Inc. (collectively, the Company). All material intercompany balances and transactions have been eliminated from the consolidated financial statements.

Change in Accounting Principle

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which replaces numerous requirements in accordance with accounting principles generally accepted in the United States of America (GAAP), including industry-specific requirements, and provides organizations with a single revenue recognition model for recognizing revenue from contracts with customers. The core principle of the new standard is that an organization should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. The two permitted transition methods under the new standard are the full retrospective method, in which case the standard would be applied to each prior reporting period presented and the cumulative effect of applying the standard would be recognized at the earliest period shown, or the modified retrospective method, in which case the cumulative effect of applying the standard would be recognized at the date of initial application. The new standard is effective for annual reporting periods beginning after December 15, 2019. Management has adopted ASU 2014-09 for the year ended June 30, 2021. The amendments have been applied using the modified retrospective method.

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Basis of Accounting and Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting. The Company reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. They are described as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions represent available resources other than donor-restricted contributions. These resources may be expended at the discretion of the Board of Trustees. Each year, the Board of Trustees designates a portion of net assets without donor restrictions for the purpose of funds functioning as an endowment. For the years ended June 30, 2021 and 2020, the Board has designated \$59,506,939 and \$45,890,903, respectively, to function as endowment.

Net Assets With Donor Restrictions

Net assets with donor restrictions represent 1) contributions that are restricted by the donor as to purpose or time of expenditure, 2) contributions that require that the principal be maintained in perpetuity but permit the Company to expend the income earned thereon, and 3) the accumulated investment income and gains on donor-restricted endowment assets that have not been appropriated for expenditure.

Cash and Cash Equivalents

All highly liquid investments with a maturity of three months or less when purchased are considered cash equivalents.

Investment Valuation and Income Recognition

Investments are reported at fair value. 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. See Note 3 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized and unrealized gains include the Company's gains and losses on investments bought and sold as well as held during the year.

Intangibles

On July 1, 2015, MediaVision Productions, Inc., entered into an agreement with a related party which resulted in a lease agreement and the purchase of certain intangibles. The agreement required a monthly payment of \$30,000 for the use of the building, certain equipment and access to customer lists. The acquisition was valued by a third party. The intangibles were valued at \$641,000, resulting in bargain purchase income of \$257,500.

Amortization expense is calculated using the straight-line method over the estimated useful lives of the assets. Estimated useful lives for financial reporting purposes are as follows:

<u>Asset</u>	<u>Estimated Useful Lives</u>
Customer relations	10 years
Trade name	2.2 years

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Allowances for Receivables

Allowances for accounts receivable are determined by management based on assessment of their collectability. Management considers past history, current economic conditions and overall viability of the third party. Receivables are written off only when management believes amounts will not be collected. Receivables are considered past due based on the invoice date.

Property, Equipment and Leasehold Improvements

The Company capitalizes all expenditures for property and equipment in excess of \$500. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over their estimated useful lives. Amortization of leasehold improvements is computed using the straight-line method over the shorter of useful life or the remaining lease term. Estimated lives for financial reporting purposes are as follows:

<u>Asset</u>	<u>Estimated Lives</u>
Building	30 years
Equipment	3 to 10 years
Leasehold improvements	5 years

Primarily all depreciation and amortization expense is associated with assets necessary to operate program services. Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period.

Revenue from Channel Sharing and Spectrum Rights

In 2017, the Company participated in the broadcast incentive auction conducted by the Federal Communications Commission (FCC). At the conclusion of the incentive auction, the Company relinquished its spectrum usage rights for one of its television licenses in exchange for a payment from the FCC. In addition, also as part of the incentive auction, the Company will share, with an unrelated broadcaster, spectrum of another of its television licenses under a Channel-Share Agreement (CSA). For the year ended June 30, 2021 and 2020, income, net of expenses, of \$(25,000) and \$1,269,332 was recognized for these transactions and is shown in the consolidated statements of activities.

Subscription and Membership Income

The Company recognizes subscription and membership income on the date the individual membership gift is received.

Income from Licensing of Intangible Assets

The Company recognizes income from licensing of intangible assets over the life of each respective agreement on a straight-line basis.

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Donated Personal Services of Volunteers

Donated personal services of volunteers who possess special skills and meet the required criteria under accounting standards are recorded as revenue and expense in the accompanying consolidated financial statements at their estimated fair value based on standard valuation rates and job classifications found at the website developed by Independent Sector.

All other donated services from volunteers for various programs have not been recognized in the accompanying consolidated statements of activities because the criteria for recognition of such volunteer effort have not been satisfied in accordance with the standards.

Contributed Programming and Production

In-kind contributions of services, rental of equipment and office space, programs, fundraising support and other similar services are recorded as revenue and expense in the accompanying consolidated financial statements at their estimated fair value based on discounts provided and documented by independent third-party vendors.

Contributions, Donor-Restricted Gifts and Restricted Grants

For financial statement purposes, the Company distinguishes between contributions of net assets without donor restrictions and net assets with donor restrictions.

Promises to give that are subject to donor-imposed conditions (i.e., a donor stipulation that includes a barrier that must be overcome and a right of return of assets) are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional. Unconditional contributions are recognized when promised or received, as applicable, and are considered to be available for unrestricted use unless specifically restricted by the donor.

The Company reports contributions of cash and other assets as donor restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statements of activities as net assets released from restrictions. Contributions received whose restrictions are met in the same period are presented as net assets without donor restrictions. Transfers of assets from a resource provider received before the barriers are overcome are reported as deferred revenue on the accompanying consolidated statements of financial position.

There were no conditional contributions as of June 30, 2021.

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Measure of Operations

The consolidated statements of activities present revenue from operations separately from nonoperating activities. For purposes of the consolidated statements of activities, operations are defined as revenue and expenses (other than depreciation) from programming, production and broadcasting activities, membership and subscriptions, corporate underwriting, and revenue from grants to operate certain programs throughout the year, along with the general and administrative expenses incurred to operate the Company. Realized and unrealized gains and losses on the investments without donor restrictions as well as earned income, net of the spending rule allocation, on investments without donor restrictions and with donor restrictions are reported as nonoperating revenue. All other revenue and expenses (primarily investment results, net income from broadcast incentive auction, income from licensing of intangible assets, depreciation, and capital and endowment campaign revenue and expenses) are classified as nonoperating activities. This basis of presentation reflects the Company's management philosophy throughout the year.

Income Taxes

The Internal Revenue Service has ruled that Connecticut Public Broadcasting, Inc., Connecticut Public Broadcasting Real Estate Holding Company, Inc., and Connecticut Public Broadcasting Endowment, Inc., are exempt from income taxes on related income under the applicable section of the Internal Revenue Code (the IRC). Once qualified, they are required to operate in conformity with the IRC to maintain their tax-exempt status. Connecticut Public Broadcasting, Inc., Connecticut Public Broadcasting Real Estate Holding Company, Inc., and Connecticut Public Broadcasting Endowment, Inc., are not aware of any course of action or series of events that have occurred that might adversely affect their tax-exempt status.

MediaVision Productions, Inc., is a "C" corporation and thus state and federal income taxes are accounted for under an asset and liability method, which recognizes deferred tax liabilities and assets for the expected future tax consequences of temporary differences between the tax and financial reporting basis of certain assets and liabilities.

At June 30, 2021, MediaVision Productions, Inc., has available federal net operating loss carryforwards of approximately \$252,515 with no expiration, and state net operating loss carryforwards of approximately \$157,016 expiring through 2037. Deferred tax assets aggregated \$93,627 and \$33,859 at June 30, 2021 and 2020, respectively, all of which have been offset by a valuation allowance. As a result of the utilization of net operating loss carryforwards, there is no provision for current income taxes in 2021 or 2020. In addition, as a result of the decrease in the valuation allowance of \$59,768 and \$55,713 during 2021 and 2020, respectively, there is no provision for deferred income taxes.

Revenue Recognition

The Company recognizes revenue at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring goods or services to its customers using the following five-step process:

1. Identify the contract(s) with the customer
2. Identify the performance obligation(s) in the contract
3. Determine the transaction price
4. Allocate the transaction price to performance obligations in the contract
5. Recognize revenue when (or as) the Company satisfies a performance obligation

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

See Note 2 for details on how the above five-step process is applied to the Company's contracts with customers.

Functional Allocation of Expenses

The cost of providing the various programs and supporting services has been summarized on a functional basis in the consolidated statements of functional expenses. Certain categories of expenses that are attributable to more than one program or supporting function require allocation on a reasonable basis that is consistently applied and determined by management. The expenses that are allocated based upon time and effort include payroll and benefits, production, other professional services, membership benefits, equipment rental and maintenance, travel, meetings, special events, depreciation and amortization, interest and other expenses. Occupancy and utilities are allocated based upon square footage.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

The Company has evaluated subsequent events through October 29, 2021, which is the date the consolidated financial statements were available to be issued.

NOTE 2 - REVENUE FROM CONTRACTS WITH CUSTOMERS

Contract Balances

The Company enters into contracts with underwriters and other third-party customers to provide noncommercial television and radio programs and services, video and non-broadcasting services, and the leasing of certain of its intangible assets. The payment terms and conditions in each contract vary based on the services provided, payment plan, and the duration of the contract.

When the timing of the Company's delivery of services is different from the timing of the invoices and/or payments made by customers, the Company recognizes a contract liability (invoice/payment precedes performance) until the performance obligations are satisfied. Contracts with payment in arrears are recognized as receivables.

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The opening and closing balances of the Company's contract liabilities and receivables are as follows:

	Contract Balances	
	Receivables	Contract Liability
Opening – July 1, 2019	\$ 2,540,737	\$ 7,064
Closing – June 30, 2020	<u>2,223,783</u>	<u>56,856</u>
Increase (Decrease)	\$ <u>(316,954)</u>	\$ <u>49,792</u>
Opening – July 1, 2020	\$ 2,223,783	56,856
Closing – June 30, 2021	<u>2,440,580</u>	<u>1,345,318</u>
Increase	\$ <u>216,797</u>	\$ <u>1,288,462</u>

The amount of revenue recognized in the period that was included in the opening contract liability balances was \$56,856 and \$7,064 for the years ended June 30, 2021 and 2020 respectively.

Performance Obligations

At contract inception, the Company assesses the programs and services promised in its contracts with underwriters and other customers and identifies the performance obligations for each contract. Contracts are for specific services and transaction prices are fixed at inception.

The Company has determined that the following types of revenue contain distinct performance obligations:

Underwriting support - Underwriting support revenue includes revenue from underwriters that support the Company's production of programs and noncommercial advertising. Revenues from underwriting support are recognized over the term of the related underwriting contract as performance obligations are satisfied. When the Company enters into contracts where underwriters provide production support, performance obligations are satisfied when the program is aired, or in the case of a series, when the initial episode of the series is aired. When the Company enters into contracts to provide noncommercial advertising, performance obligations are satisfied throughout the contract term and revenue is recognized over time as the Company meets each contractual obligation. The Company recognized revenue for these services over time of \$5,830,289 and \$6,912,405 as of June 30, 2021 and 2020.

Video services - Revenue from video services includes commercial production, graphic design, and animation services. Video services are provided to customers based upon established contracts. Revenue is recognized upon satisfying the performance obligations in the contract as the service is completed and delivered to the customer. The Company recognized revenue for these services at a point in time of \$931,000 and \$1,033,971 as of June 30, 2021 and 2020.

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Non-broadcasting services - Non-broadcasting revenue services include revenue from the Company's uplink services business. Uplink services are provided to a customer based upon an established master contract and services are requested by the customer as needed. Revenue is recognized upon satisfying the performance obligation as the uplink service is completed. The Company recognized revenue for these services at a point in time of \$151,299 and \$124,119 as of June 30, 2021 and 2020.

Income from licensing of intangible assets - Income from licensing of intangible assets relate to the leasing of the Company's educational broadband services licenses to a third party under individual contracts. The Company recognizes income from the licenses over the life of each respective agreement on a straight-line basis as its performance obligations are satisfied. The Company recognized revenue for these services over time in the amount of \$1,622,530 and \$1,354,260 as of June 30, 2021 and 2020.

Transaction Price

The Company enters into service contracts for underwriting, video services, non-broadcasting services and licensing of intangible assets. The contracts are for specific services and the transaction price is fixed at inception.

NOTE 3 - FAIR VALUE MEASUREMENTS

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides 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 unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

Level 2

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. As a practical expedient, certain investments are measured at fair value on the basis of net asset value. The fair value of these investments is not included in the fair value hierarchy.

Financial Instruments Measured at Fair Value

The following is a description of the valuation methodologies used for financial instruments measured at fair value:

Mutual Funds

Mutual funds are valued at the quoted price of shares reported in an active market in which the mutual funds are traded.

Multi-Asset Fund

The fund invests in exchange-traded funds, open-end mutual funds and private investment funds, subject to the limits of the Investment Company Act of 1940. These funds are required to publish their daily net asset value and to transact at that price.

Fixed Income

These items are valued at the closing price reported in the active market in which the bonds are traded. Certain bonds are valued at the closing price reported in the active market in which the individual securities are traded. Other bonds are valued based on yields currently available on comparable securities of issuers with similar durations and credit ratings.

Hedge Funds

This includes investments in long and short global equities. Interests in hedge funds are valued using net asset values as determined by the investment manager of the fund. This net asset value is based on the fair value of the underlying assets and liabilities of the related fund at the measurement date.

There have been no changes in the methodologies used at June 30, 2021 and 2020.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following tables set forth by level, within the fair value hierarchy, the Company's assets at fair value as of June 30, 2021 and 2020:

	2021				Total
	Level 1	Level 2	Level 3	Investments Measured at Net Asset Value (a)	
Investments:					
Mutual funds:					
Equity	\$ 43,506,704	\$ -	\$ -	\$ -	\$ 43,506,704
Fixed income	12,363,227	-	-	-	12,363,227
Closed end	382,885	-	-	-	382,885
Hedge fund	-	-	-	4,904,340	4,904,340
Bonds - fixed income:					
Government	322,495	-	-	-	322,495
High yield	52,072	-	-	-	52,072
Total assets at fair value	56,627,383	-	-	4,904,340	61,531,723
Cash and cash equivalents held by portfolio managers	1,886,854	-	-	-	1,886,854
Total Investments	\$ 58,514,237	\$ -	\$ -	\$ 4,904,340	\$ 63,418,577
	2020				
	Level 1	Level 2	Level 3	Investments Measured at Net Asset Value (a)	Total
Investments:					
Mutual funds:					
Equity	\$ 30,999,582	\$ -	\$ -	\$ -	\$ 30,999,582
Fixed income	12,508,004	-	-	-	12,508,004
Closed end	359,579	-	-	-	359,579
Hedge fund	-	-	-	3,936,767	3,936,767
Bonds - fixed income:					
Government	338,464	-	-	-	338,464
High yield	48,086	-	-	-	48,086
Total assets at fair value	44,253,715	-	-	3,936,767	48,190,482
Cash and cash equivalents held by portfolio managers	1,980,471	-	-	-	1,980,471
Total Investments	\$ 46,234,186	\$ -	\$ -	\$ 3,936,767	\$ 50,170,953

(a) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Investments in Entities that Calculate Net Asset Value per Share

The fair values of the investments in hedge funds have been estimated using the net asset value per share as provided by the hedge fund managers. The investments are subject to a redemption restriction of quarterly liquidation with 60 days' notice after a 1-year lock-up period. The fund's investment objective is to seek capital appreciation by allocating its assets among a select group of private investment funds (commonly known as hedge funds) that utilize a variety of alternative investment strategies that seek to produce an attractive absolute return on invested capital, largely independent of the various benchmarks associated with traditional asset classes.

There were no unfunded commitments for these funds as of June 30, 2021 and 2020.

NOTE 4 - INTANGIBLE ASSETS

Intangible assets comprise the following as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Customer relations	\$ 622,000	\$ 622,000
Trade name	19,000	19,000
	<u>641,000</u>	<u>641,000</u>
Less accumulated amortization	392,200	330,000
	<u>248,800</u>	<u>311,000</u>
Intangibles, Net	\$ <u>248,800</u>	\$ <u>311,000</u>

A schedule of future estimated amortization expense for intangible assets at June 30, 2021 is as follows:

Year Ending June 30

2022	62,200
2023	62,200
2024	62,200
2025	<u>62,200</u>
	\$ <u>248,800</u>

Amortization expense charged to operations was \$62,200 for the years ended June 30, 2021 and 2020.

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Company's financial assets available within one year of the consolidated statement of financial position date for general expenditure are as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 553,882	\$ 633,942
Investments	2,623,965	3,274,187
Accounts receivable, net	4,821,298	4,886,601
Grants and other receivables, net	54,588	-
Total financial assets available within one year	<u>8,053,733</u>	<u>8,794,730</u>
Less amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	(1,379,480)	(2,650,822)
Appropriation from board-designated endowment for general expenditures in subsequent year	<u>2,975,347</u>	<u>2,294,545</u>
Total Financial Assets Available to Management for General Expenditure Within One Year	<u>\$ 9,649,600</u>	<u>\$ 8,438,453</u>

Liquidity Management

The Company's endowment funds consist of donor-restricted endowments and funds designated by the Board of Trustees to function as endowments. Income from donor-restricted endowments is restricted for specific purposes, and, therefore, is not available for general expenditure. As described in Note 7, the board-designated endowment has a spending rate of 5% of the fair value of endowments total market value as of the previous year end. As of June 30, 2021 and 2020, \$2,975,347 and \$2,294,545, respectively, of appropriations from the board-designated endowment will be available within the next 12 months.

To help manage unanticipated liquidity needs, the Company maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Company has a line of credit with an available balance of \$3,000,000 and \$2,000,000 as of June 30, 2021 and 2020, that it could draw upon at any time. Additionally, the Company has a board-designated endowment in the amount of \$59,506,939 and \$45,890,903 as of June 30, 2021 and 2020, respectively. The Company does not intend to spend from its board-designated endowment other than amounts appropriated for general expenditures as part of its annual budget approval and appropriation process, but amounts from its board-designated endowment could be made available if necessary.

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

The following is the composition of the Company's net assets with donor restrictions at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Endowment:		
Restricted in perpetuity: income use unrestricted	\$ 480,544	\$ 480,544
Accumulated gains subject to endowment spending policy and appropriation	<u>674,695</u>	<u>397,275</u>
Total endowment	<u>1,155,239</u>	<u>877,819</u>
Other net assets with donor use restrictions:		
Restricted for capital additions	421,770	854,200
Restricted for various programs and activities	<u>1,379,480</u>	<u>2,650,822</u>
Total Net Assets With Donor Restrictions	<u>\$ 2,956,489</u>	<u>\$ 4,382,841</u>

The Company released \$1,000,228 and \$2,019,535 of net assets with donor restrictions in 2021 and 2020, respectively, for capital additions. For the year ended June 30, 2021, the Company released \$1,831,881 of net assets with donor restrictions as a result of fulfilling obligations related to programs supported by donors. For the year ended June 30, 2020, the Company released \$20,100 of net assets with donor restrictions for the internship program and Employee Giving Fund.

NOTE 7 - ENDOWMENT

The Company's endowment consists of funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by accounting principles generally accepted in the United States of America, 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.

Interpretation of Relevant Law

The Board of Trustees of the Company has interpreted the Connecticut Uniform Prudent Management of Institutional Funds Act (CTUPMIFA) 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 Company classifies as net assets with donor restrictions (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 permanent endowment is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Company in a manner consistent with the standard of prudence prescribed by CTUPMIFA.

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

1. The duration and preservation of the fund
2. The purposes of the Company and the donor-restricted endowment fund
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 Company
7. The investment policies of the Company

Endowment net asset composition by type of fund as of June 30, 2021 and 2020:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 59,506,939	\$ -	\$ 59,506,939
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	480,544	480,544
Accumulated gains subject to endowment spending policy and appropriation	-	674,695	674,695
Total	\$ 59,506,939	\$ 1,155,239	\$ 60,662,178
	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 45,890,903	\$ -	\$ 45,890,903
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	480,544	480,544
Accumulated gains subject to endowment spending policy and appropriation	-	397,275	397,275
Total	\$ 45,890,903	\$ 877,819	\$ 46,768,722

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Endowment Net Assets

Endowment net asset composition by type of fund and changes in endowment net assets as of and for the years ended June 30, 2021 and 2020 were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets - June 30, 2019	\$ 47,465,929	\$ 890,147	\$ 48,356,076
Investment return:			
Interest and dividends	1,053,772	20,455	1,074,227
Net depreciation (realized and unrealized)	<u>(1,678,782)</u>	<u>(32,783)</u>	<u>(1,711,565)</u>
Total investment loss	<u>(625,010)</u>	<u>(12,328)</u>	<u>(637,338)</u>
Additions to endowment	<u>1,424,435</u>	<u>-</u>	<u>1,424,435</u>
Appropriation of endowment assets for expenditure	<u>(2,373,296)</u>	<u>-</u>	<u>(2,373,296)</u>
Trust payments	<u>(1,155)</u>	<u>-</u>	<u>(1,155)</u>
Endowment net assets - June 30, 2020	<u>45,890,903</u>	<u>877,819</u>	<u>46,768,722</u>
Investment return:			
Interest and dividends, net	695,854	13,738	709,592
Net appreciation (realized and unrealized)	<u>13,366,096</u>	<u>263,682</u>	<u>13,629,778</u>
Total investment return	<u>14,061,950</u>	<u>277,420</u>	<u>14,339,370</u>
Additions to endowment	<u>1,848,631</u>	<u>-</u>	<u>1,848,631</u>
Appropriation of endowment assets for expenditure	<u>(2,294,545)</u>	<u>-</u>	<u>(2,294,545)</u>
Endowment Net Assets - June 30, 2021	<u>\$ 59,506,939</u>	<u>\$ 1,155,239</u>	<u>\$ 60,662,178</u>

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Company has an annual endowment spending policy that is specifically designed to assist in funding annual programming objectives and to preserve the value of the investment portfolio over time. In 2021 and 2020, the spending policy was 5% of the fair value of endowment assets as of June 30, 2020 and 2019. In establishing this policy, the Company considered the long-term expected return on its endowment. Accordingly, over the long term, the Company expects the current spending policy to allow its endowment to grow and maintain its value to support operations in the future. The Company has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws.

To meet these objectives, the Company utilizes a total return investment approach which emphasizes total investment return, consisting of investment income and realized and unrealized gains or losses and, accordingly, invests in equities, fixed income and money market accounts. The annual spending distribution for operating purposes was \$2,294,545 and \$2,373,296 in fiscal years 2021 and 2020, respectively.

NOTE 8 - LINE OF CREDIT

The Company increased its unsecured operating line of credit (the Line) to \$3,000,000, which expires on March 31, 2022. The interest rate is a fluctuating rate per annum equal to the LIBOR rate plus 2.50%. As of June 30, 2021 and 2020, the balance bears an interest rate of 2.60% and 2.66%. The outstanding balance on the Line was \$1,000,000 as of June 30, 2020. There was no outstanding balance as of June 30, 2021.

Interest expense incurred on the Line was \$28,359 and \$20,670 as of June 30, 2021 and 2020, respectively.

NOTE 9 - LEASES

The Company leases certain operating facilities under noncancelable operating leases expiring at various times through December 31, 2026. Rental expense associated with leases was \$382,592 and \$433,079 for the years ended June 30, 2021 and 2020, respectively.

Future minimum annual rental payments for the five years subsequent to June 30, 2021 and, thereafter, are as follows:

Year Ending June 30

2022	\$	540,839
2023		309,488
2024		303,261
2025		194,614
2026		<u>45,251</u>
	\$	<u><u>1,393,453</u></u>

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 - RETIREMENT PLANS

The Company provides a defined contribution retirement plan for eligible employees who elect to participate in the plan. Eligible employees may contribute a percentage of their salary to the plan. The Company contributes an amount equal to employees' contributions up to a limit as determined annually by the Company. Retirement contributions charged to operations were \$263,514 and \$254,837 for the years ended June 30, 2021 and 2020, respectively.

In addition to the plan, the Company also provides two nonqualified deferred compensation plans for certain management personnel. Discretionary contributions of \$59,550 and \$25,000 were made to the plans for the years ended June 30, 2021 and 2020, respectively.

NOTE 11 - LIENS

The National Telecommunications and Information Administration (NTIA) provides funding to public broadcasting entities for the acquisition of equipment. NTIA retains a financial interest, as defined in the statute, in its pro rata share of the cost of the equipment for a period of ten years and must be notified upon disposition of the equipment. The Company did not receive any NTIA funds during the years ended June 30, 2021 and 2020.

NOTE 12 - RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Company conducts business with other organizations whose executives are members of the Company's Board of Trustees. Revenue transactions, including corporate underwriting revenue and other support, amounted to \$1,527,954 and \$1,298,080 for the years ended June 30, 2021 and 2020, respectively. Purchases and other services received amounted to \$612,610 and \$610,562 for the years ended June 30, 2021 and 2020, respectively. At June 30, 2021 and 2020, included in the accounts receivable balance was \$975,691 and \$951,891, respectively. In addition, included in the accounts payable balance was \$80,086 and \$51,708 at June 30, 2021 and 2020, respectively.

NOTE 13 - CONCENTRATIONS

The Company receives substantial revenues from governmental agencies, Corporation for Public Broadcasting, related parties and the public; a significant reduction in the level of this support may have an adverse effect on the Company's programs and activities. Significant programming services are provided to the Company by the Public Broadcasting Service. Operations include charges for such services of \$1,884,593 and \$2,006,883 in 2021 and 2020, respectively.

Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of cash, cash equivalents, investments and receivables. The Company maintains its cash and cash equivalents with high credit-quality financial institutions. At times, such amounts may exceed federally insured limits.

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company's investments are in high-quality marketable securities placed within a wide array of institutions with high credit ratings. This investment policy limits the Company's exposure to concentrations of credit risk. Concentrations of credit risk with respect to accounts receivable are limited to contractual agreements with various underwriters. The Company evaluates the need for an allowance for doubtful accounts based upon factors surrounding the credit risk of specific customers, historical trends and other information.

NOTE 14 - CONTINGENCIES

The Company is subject to various claims and legal proceedings arising in the ordinary course of business. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition or change in net assets of the Company.

NOTE 15 - PAYCHECK PROTECTION PROGRAM

On May 7, 2020, the Company received a Paycheck Protection Program (PPP) loan of \$1,600,000 granted by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The Company considers the PPP loan to be a conditional contribution, with a right of return in the form of an obligation to be repaid if barriers to entitlement are not met. These barriers include incurring qualifying expenses and maintaining certain levels of employee headcount and salary during a measurement period. The Company considers reviews of their application for forgiveness by the lender and the SBA as well as potential audits to be administrative in nature rather than barriers to entitlement. During the year ended June 30, 2020, the Company recognized \$1,536,103 as contribution income based on the amount of qualifying expenditures incurred and employee headcount and salary levels maintained through June 30, 2020. The remaining balance of \$63,897 of the PPP loan was classified as a refundable advance on the accompanying statement of financial position. During 2021, the Company recognized the remaining balance as revenue based on qualifying expenditures incurred and employee headcount and salary levels maintained through June 30, 2021. Forgiveness for this loan was received from the lender on March 4, 2021.

On January 19, 2021, the Company received a second Paycheck Protection Program (PPP) loan of \$1,750,000 granted by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Similar to the first PPP loan, the Company considers the PPP loan to be a conditional contribution, with a right of return in the form of an obligation to be repaid if barriers to entitlement are not met. These barriers include incurring qualifying expenses and maintaining certain levels of employee headcount and salary during a measurement period. The Company considers reviews of their application for forgiveness by the lender and the SBA as well as potential audits to be administrative in nature rather than barriers to entitlement. During the year ended June 30, 2021, the Company recognized \$1,750,000 as contribution income based on the amount of qualifying expenditures incurred and employee headcount and salary levels maintained through June 30, 2021. Subsequent to year end, on July 30, 2021, the Company received notification of full forgiveness for this loan from the lender.

The forgiveness of each loan is subject to audit by the SBA for a period of six years.

Supplementary Information

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021**

	Connecticut Public Broadcasting Inc.	Real Estate Holding Company, Inc.	MediaVision Productions Inc.	Total	Eliminations	Consolidated
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 505,327	\$ -	\$ 48,555	\$ 553,882	\$ -	\$ 553,882
Investments	2,623,965	-	-	2,623,965	-	2,623,965
Accounts receivable, net	4,633,071	-	188,227	4,821,298	-	4,821,298
Grants and other receivables	54,588	-	-	54,588	-	54,588
Intercompany receivable	774,676	-	-	774,676	(774,676)	-
Production costs	161,549	-	-	161,549	-	161,549
Prepaid expenses and deposits	341,270	-	13,342	354,612	-	354,612
Total current assets	<u>9,094,446</u>	<u>-</u>	<u>250,124</u>	<u>9,344,570</u>	<u>(774,676)</u>	<u>8,569,894</u>
Other Assets						
Investment in MediaVision	(360,192)	-	-	(360,192)	360,192	-
Investments held for property and equipment	132,434	-	-	132,434	-	132,434
Investments - endowment	60,662,178	-	-	60,662,178	-	60,662,178
Intangibles, net	-	-	248,800	248,800	-	248,800
Other investments	97,621	-	-	97,621	-	97,621
Total other assets	<u>60,532,041</u>	<u>-</u>	<u>248,800</u>	<u>60,780,841</u>	<u>360,192</u>	<u>61,141,033</u>
Property, Equipment, and Leasehold Improvements						
Land and improvements	786,710	-	-	786,710	-	786,710
Building	-	14,178,685	-	14,178,685	-	14,178,685
Equipment	39,782,448	-	-	39,782,448	-	39,782,448
Leasehold improvements	382,510	-	-	382,510	-	382,510
	40,951,668	14,178,685	-	55,130,353	-	55,130,353
Accumulated depreciation and amortization	(34,851,755)	(7,018,636)	-	(41,870,391)	-	(41,870,391)
Construction in progress	61,293	-	-	61,293	-	61,293
Net property, equipment and leasehold improvements	<u>6,161,206</u>	<u>7,160,049</u>	<u>-</u>	<u>13,321,255</u>	<u>-</u>	<u>13,321,255</u>
Total Assets	<u>\$ 75,787,693</u>	<u>\$ 7,160,049</u>	<u>\$ 498,924</u>	<u>\$ 83,446,666</u>	<u>\$ (414,484)</u>	<u>\$ 83,032,182</u>
LIABILITIES AND NET ASSETS						
Current Liabilities						
Accounts payable and accrued expenses	\$ 3,675,001	\$ -	\$ 81,440	\$ 3,756,441	\$ -	\$ 3,756,441
Paycheck Protection Program advance	-	-	-	-	-	-
Intercompany payable	-	-	774,676	774,676	(774,676)	-
Deferred revenue	2,224,524	-	3,000	2,227,524	-	2,227,524
Total current liabilities	<u>5,899,525</u>	<u>-</u>	<u>859,116</u>	<u>6,758,641</u>	<u>(774,676)</u>	<u>5,983,965</u>
Noncurrent Liabilities						
Deferred other	71,392	-	-	71,392	-	71,392
Net Assets (Deficit)						
Common stock	-	-	1,000	1,000	(1,000)	-
Accumulated deficit	-	-	(361,192)	(361,192)	361,192	-
Net assets without donor restrictions	66,860,286	7,160,049	-	74,020,335	-	74,020,335
Net assets with donor restrictions	2,956,490	-	-	2,956,490	-	2,956,490
Total net assets (deficit)	<u>69,816,776</u>	<u>7,160,049</u>	<u>(360,192)</u>	<u>76,616,633</u>	<u>360,192</u>	<u>76,976,825</u>
Total Liabilities and Net Assets (Deficit)	<u>\$ 75,787,693</u>	<u>\$ 7,160,049</u>	<u>\$ 498,924</u>	<u>\$ 83,446,666</u>	<u>\$ (414,484)</u>	<u>\$ 83,032,182</u>

CONNECTICUT PUBLIC BROADCASTING, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES - WITHOUT DONOR RESTRICTIONS FOR THE YEAR ENDED JUNE 30, 2021

	Connecticut Public Broadcasting Inc.	Real Estate Holding Company, Inc.	MediaVision Productions Inc.	Total	Eliminations	Consolidated - Without Donor Restrictions
Revenues						
Underwriting support	\$ 5,830,289	\$ -	\$ -	\$ 5,830,289	\$ -	\$ 5,830,289
Subscription and membership income	6,160,444	-	-	6,160,444	-	6,160,444
Annual spending distribution	2,294,545	-	-	2,294,545	-	2,294,545
Corporation for Public Broadcasting	1,990,242	-	-	1,990,242	-	1,990,242
Paycheck Protection Program	1,700,390	-	113,507	1,813,897	-	1,813,897
Video services	-	-	931,000	931,000	-	931,000
Auctions and special events	7,030	-	-	7,030	-	7,030
Planned gifts and bequests	308,641	-	-	308,641	-	308,641
Contributed in-kind support	167,741	-	-	167,741	-	167,741
Nonbroadcasting services	151,299	-	-	151,299	-	151,299
Miscellaneous	62,535	-	-	62,535	-	62,535
Donated personal services of volunteers	21,277	-	-	21,277	-	21,277
Release from restriction	2,678,056	-	-	2,678,056	-	2,678,056
Total revenues	<u>21,372,489</u>	<u>-</u>	<u>1,044,507</u>	<u>22,416,996</u>	<u>-</u>	<u>22,416,996</u>
Expenses						
Program services:						
Programming and production	11,611,603	-	-	11,611,603	-	11,611,603
Broadcasting	1,316,276	-	-	1,316,276	-	1,316,276
Contributed in-kind support	163,366	-	-	163,366	-	163,366
Program information	1,397,289	-	-	1,397,289	-	1,397,289
Total program services	<u>14,488,534</u>	<u>-</u>	<u>-</u>	<u>14,488,534</u>	<u>-</u>	<u>14,488,534</u>
Supporting services:						
Fundraising and membership development:						
Membership development	2,343,962	-	-	2,343,962	-	2,343,962
Other fundraising expenses	724,092	-	-	724,092	-	724,092
Contributed in-kind support	4,375	-	-	4,375	-	4,375
Donated personal services of volunteers	21,277	-	-	21,277	-	21,277
Management and general	3,255,290	-	-	3,255,290	-	3,255,290
Total supporting services	<u>6,348,996</u>	<u>-</u>	<u>-</u>	<u>6,348,996</u>	<u>-</u>	<u>6,348,996</u>
Reorganization costs	<u>186,399</u>	<u>-</u>	<u>-</u>	<u>186,399</u>	<u>-</u>	<u>186,399</u>
Video services:						
Cost of production	-	-	930,971	930,971	-	930,971
General and administrative	-	-	60,018	60,018	-	60,018
Total video services	<u>-</u>	<u>-</u>	<u>990,989</u>	<u>990,989</u>	<u>-</u>	<u>990,989</u>
Total expenses	<u>21,023,929</u>	<u>-</u>	<u>990,989</u>	<u>22,014,918</u>	<u>-</u>	<u>22,014,918</u>
Equity in net income of consolidated subsidiary	<u>53,518</u>	<u>-</u>	<u>-</u>	<u>53,518</u>	<u>(53,518)</u>	<u>-</u>
Change in net assets without donor restrictions before other activities	<u>402,078</u>	<u>-</u>	<u>53,518</u>	<u>455,596</u>	<u>(53,518)</u>	<u>402,078</u>
Other Activities						
Income from Channel Sharing Agreement, net of expenses	(25,000)	-	-	(25,000)	-	(25,000)
Income from licensing of intangible assets	1,622,530	-	-	1,622,530	-	1,622,530
Investment return, net	14,231,845	-	-	14,231,845	-	14,231,845
Release of restricted assets for capital additions	1,000,228	-	-	1,000,228	-	1,000,228
Transfer of funds	(516,011)	-	-	(516,011)	-	(516,011)
Interest expense	(65,468)	-	-	(65,468)	-	(65,468)
Depreciation and amortization	(1,061,274)	(473,961)	(62,201)	(1,597,436)	62,201	(1,535,235)
Annual spending distribution	(2,294,545)	-	-	(2,294,545)	-	(2,294,545)
Transfer of assets	(80,246)	80,246	-	-	-	-
Net nonoperating revenues and expenses	<u>12,812,059</u>	<u>(393,715)</u>	<u>(62,201)</u>	<u>12,356,143</u>	<u>62,201</u>	<u>12,418,344</u>
Change in Net Assets	<u>13,214,137</u>	<u>(393,715)</u>	<u>(8,683)</u>	<u>12,811,739</u>	<u>8,683</u>	<u>12,820,422</u>
Net Assets Without Donor Restrictions - Beginning of Year	<u>53,646,149</u>	<u>7,553,764</u>	<u>(352,509)</u>	<u>60,847,404</u>	<u>352,509</u>	<u>61,199,913</u>
Net Assets Without Donor Restrictions - End of Year	<u>\$ 66,860,286</u>	<u>\$ 7,160,049</u>	<u>\$ (361,192)</u>	<u>\$ 73,659,143</u>	<u>\$ 361,192</u>	<u>\$ 74,020,335</u>

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