

**NEW ENGLAND PUBLIC MEDIA, INC.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**



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**NEW ENGLAND PUBLIC MEDIA, INC.**  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
New England Public Media, Inc.  
Springfield, Massachusetts

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the accompanying consolidated financial statements of New England Public Media, Inc., which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, cash flows, and functional expenses, for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of New England Public Media, Inc. as of June 30, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of New England Public Media and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about New England Public Media ability to continue as a going concern for one year after the date the financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

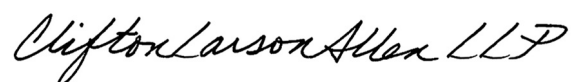
Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit 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 New England Public Media, Inc.'s internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about New England Public Media's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



**CliftonLarsonAllen LLP**

Boston, Massachusetts  
October 24, 2022

**NEW ENGLAND PUBLIC MEDIA, INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 455,190	\$ 1,095,772
Accounts Receivable	1,550,614	2,589,092
CSG Receivable	244,401	298,005
Grants Receivable	50,000	220,045
Current Portion of Pledges Receivable, Net	104,784	276,157
Prepaid Expenses and Other Assets	<u>28,789</u>	<u>9,248</u>
Total Current Assets	2,433,778	4,488,319
Long-Term Pledges Receivable, Net	162,172	109,224
Radio Licenses	2,780,000	2,780,000
Other Assets	18,906	-
Long-Term Investments	1,748,879	1,726,868
Asset Held for Sale	850,000	-
Property, Facilities, and Equipment, Net	3,690,721	3,504,056
Right-of-Use Asset	<u>1,106,153</u>	<u>919,872</u>
Total Assets	<u>\$ 12,790,609</u>	<u>\$ 13,528,339</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current Maturities of Debt	\$ 1,056,842	\$ 738,795
Accounts Payable	77,838	208,197
Accrued Expenses	1,709,796	1,358,699
Deferred Revenue and Other Liabilities	143,949	183,655
Lease Liabilities	<u>54,404</u>	<u>61,613</u>
Total Current Liabilities	3,042,829	2,550,959
Long-Term Debt, Net	424,241	481,109
Long-Term Lease Liabilities	<u>1,065,310</u>	<u>862,537</u>
Total Liabilities	4,532,380	3,894,605
<b>NET ASSETS</b>		
Without Donor Restrictions	7,413,417	8,923,646
With Donor Restrictions	<u>844,812</u>	<u>710,088</u>
Total Net Assets	<u>8,258,229</u>	<u>9,633,734</u>
Total Liabilities and Net Assets	<u>\$ 12,790,609</u>	<u>\$ 13,528,339</u>

See accompanying Notes to Consolidated Financial Statements.

**NEW ENGLAND PUBLIC MEDIA, INC.**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2022**

	Without Donor Restrictions	2022 With Donor Restrictions	Total
<b>OPERATING REVENUE</b>			
Underwriting	\$ 1,624,947	\$ -	\$ 1,624,947
Viewer and Listener Support	3,861,367	-	3,861,367
Grants and Contributions	565,199	835,802	1,401,001
Community Service Grants from Corporation for Public Broadcasting	244,401	-	244,401
Other Services Revenue	-	-	-
Planned Giving	31,639	-	31,639
Change in value of split interest agreements	58,661	24,693	83,354
Contributed Non-Financial Assets	-	(5,786)	(5,786)
Miscellaneous Income	513,954	-	513,954
	176,929	-	176,929
Total Operating Revenue	7,077,097	854,709	7,931,806
Net Assets Released from Restrictions	683,003	(683,003)	-
Total Operating Revenue and Other Support	7,760,100	171,706	7,931,806
<b>OPERATING EXPENSES</b>			
Program Services:			
Programming and Production	4,606,827	-	4,606,827
Broadcasting	2,385,704	-	2,385,704
Public Information, Guides, and Educational Material	481,418	-	481,418
Total Program Services	7,473,949	-	7,473,949
Supporting Services:			
Fundraising and Development	1,718,400	-	1,718,400
Underwriting	624,121	-	624,121
General and Administrative	2,790,074	-	2,790,074
Total Supporting Services	5,132,595	-	5,132,595
Total Operating Expenses	12,606,544	-	12,606,544
(Deficit) Surplus of Operating Revenue and Other Support Over Operating Expenses	(4,846,444)	171,706	(4,674,738)
<b>NONOPERATING GAINS (LOSSES)</b>			
Unrealized Losses on Investments	(322,684)	(38,347)	(361,031)
Realized Gains on Investments	119,872	348	120,220
Investment Income, net	37,967	1,017	38,984
Loss on Impairment, net	(607,806)	-	(607,806)
Gain on Disposal of Assets	9,500	-	9,500
Gain on PPP Loan	683,233	-	683,233
Nonoperating Losses, Net	(79,918)	(36,982)	(116,900)
Change in Net Assets Before Net Asset Transfers	(4,926,362)	134,724	(4,791,638)
Net Asset Transfers from WGBH Educational Foundation	3,416,133	-	3,416,133
<b>CHANGE IN NET ASSETS</b>	(1,510,229)	134,724	(1,375,505)
Net Assets - Beginning of Year	8,923,646	710,088	9,633,734
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 7,413,417</u>	<u>\$ 844,812</u>	<u>\$ 8,258,229</u>

See accompanying Notes to Consolidated Financial Statements.

**NEW ENGLAND PUBLIC MEDIA, INC.**  
**CONSOLIDATED STATEMENT OF ACTIVITIES (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

	Without Donor Restrictions	2021 With Donor Restrictions	Total
<b>OPERATING REVENUE</b>			
Underwriting	\$ 1,500,000	\$ -	\$ 1,500,000
Viewer and Listener Support	3,979,969	19,000	3,998,969
Grants and Contributions	285,940	625,375	911,315
Community Service Grants from Corporation for Public Broadcasting	298,005	-	298,005
Other Services Revenue	12,566	-	12,566
Planned Giving	15,750	137,090	152,840
Contributed Nonfinancial Assets	489,503	-	489,503
Miscellaneous Income	128,057	-	128,057
Total Operating Revenue	6,709,790	781,465	7,491,255
Net Assets Released from Restrictions	930,473	(930,473)	-
Total Operating Revenue and Other Support	7,640,263	(149,008)	7,491,255
<b>OPERATING EXPENSES</b>			
Program Services:			
Programming and Production	3,929,447	-	3,929,447
Broadcasting	2,410,139	-	2,410,139
Public Information, Guides, and Educational Material	492,102	-	492,102
Total Program Services	6,831,688	-	6,831,688
Supporting Services:			
Fundraising and Development	1,333,895	-	1,333,895
Underwriting	733,713	-	733,713
General and Administrative	2,432,493	-	2,432,493
Total Supporting Services	4,500,101	-	4,500,101
Total Operating Expenses	11,331,789	-	11,331,789
(Deficit) Surplus of Operating Revenue and Other Support Over Operating Expenses	(3,691,526)	(149,008)	(3,840,534)
<b>NONOPERATING GAINS, NET</b>			
Unrealized Gains on Investments	555,835	4,008	559,843
Realized Gains (Loss) on Investments	(96,766)	703	(96,063)
Investment Income, net	107,950	401	108,351
Gain on Unwind of NMTC	1,603,029	-	1,603,029
Loss on Impairment	(413,685)	-	(413,685)
Nonoperating Gains, Net	1,756,363	5,112	1,761,475
Change in Net Assets Before Net Asset Transfers	(1,935,163)	(143,896)	(2,079,059)
Net Asset Transfers from WGBH Educational Foundation	2,539,562	83,201	2,622,763
<b>CHANGE IN NET ASSETS</b>	604,399	(60,695)	543,704
Net Assets - Beginning of Year	8,319,247	770,783	9,090,030
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 8,923,646</u>	<u>\$ 710,088</u>	<u>\$ 9,633,734</u>

See accompanying Notes to Consolidated Financial Statements.

**NEW ENGLAND PUBLIC MEDIA, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (Decrease) in Net Assets	\$ (1,375,505)	\$ 543,704
Adjustments to Reconcile (Decrease) Increase in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Unrealized (Losses)/Gains on Investments	361,031	(559,843)
Realized Gains/(Losses) on Investments	(120,220)	96,063
Depreciation and Amortization	331,210	334,488
Gain on Unwind of NMTC	-	(1,603,029)
Gain on Disposal of Assets	(9,500)	-
Loss on Impairment	607,806	413,685
Gain on PPP Loan	(683,233)	-
Amortization of Right of Use Assets	76,256	78,949
Contributions of Securities	(152,003)	(18,640)
Proceeds from Sale of Contributed Securities	166,207	29,325
Bad Debt Expense	51,337	37,588
Changes in Operating Assets and Liabilities:		
Accounts Receivable	995,440	1,140,767
Grants Receivable	170,045	(116,693)
Pledges Receivable	110,124	(212,334)
Prepaid Expenses and Other Assets	(38,447)	(7,543)
CSG Receivable	53,604	(298,005)
Accounts Payable	(120,686)	16,346
Accrued Expenses	76,278	181,894
Accrued Bond Interest	-	(1,092)
Deferred Revenue and Other Liabilities	(39,707)	(152,486)
Lease Liabilities	(56,797)	(74,671)
Net Cash Provided by (Used in) Operating Activities	403,240	(171,527)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property, Facilities, and Equipment	(1,701,032)	(619,774)
Purchases of Investments	(514,328)	(1,598,624)
Proceeds from Sales of Investments	237,302	1,522,579
Net Cash Used by Investing Activities	(1,978,058)	(695,819)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Line of Credit Advances	1,350,000	-
Line of Credit Payments	(350,000)	-
Debt Principal Payments	(55,589)	(139,365)
Finance Lease Principal Payments	(10,175)	-
Proceeds from Issuance of Long-Term Debt	-	683,233
Net Cash Provided by Financing Activities	934,236	543,868
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(640,582)	(323,478)
Cash and Cash Equivalents - Beginning of Year	1,095,772	1,419,250
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 455,190</u>	<u>\$ 1,095,772</u>

See accompanying Notes to Consolidated Financial Statements.



**NEW ENGLAND PUBLIC MEDIA, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2022**

	2022								
	Program Services				Support Services				
	Programming and Production	Broadcasting	Public Information, Guides, and Educational Material	Total Program Services	Fundraising and Development	Underwriting	General and Administrative	Total Supporting Services	Total Operating Expenses
Operating Expenses									
Salaries and wages	\$ 2,739,161	\$ 527,885	\$ 282,893	\$ 3,549,939	\$ 702,033	\$ 398,369	\$ 1,644,735	\$ 2,745,137	\$ 6,295,076
Retirement plan contributions	27,102	5,223	2,799	35,124	6,946	3,942	16,273	27,161	62,285
Other employee benefits	227,907	43,922	23,538	295,367	58,411	33,145	136,847	228,403	523,770
Payroll taxes	124,335	23,962	12,841	161,138	31,866	18,083	74,657	124,606	285,744
Legal fees	-	20	1,226	1,246	703	-	86,283	86,986	88,232
Accounting fees	-	-	-	-	-	-	25,682	25,682	25,682
Consulting and advisory services	87,763	1,625	36,875	126,263	399,535	-	94,797	494,332	620,595
Marketing and promotions	1,362	150	23,071	24,583	51,393	-	4,024	55,417	80,000
Information technology	2,832	402,313	8,367	413,512	37,236	11,549	52,911	101,696	515,208
Occupancy	107,820	496,953	27,937	632,710	20,957	11,640	158,540	191,137	823,847
Travel	4,857	2,448	730	8,035	1,129	1,931	9,108	12,168	20,203
Interest	-	4,810	-	4,810	-	-	13,099	13,099	17,909
Depreciation and amortization	12,410	194,478	-	206,888	-	-	124,322	124,322	331,210
Equipment expense	20,301	6,988	522	27,811	8,000	-	3,425	11,425	39,236
Insurance	5,337	-	-	5,337	-	-	46,417	46,417	51,754
Digital services	17,647	1,750	17,265	36,662	-	-	-	-	36,662
Rights and licenses	2,880	-	-	2,880	-	-	-	-	2,880
Production and acquisitions	976,138	650,394	250	1,626,782	92,987	127	33,160	126,274	1,753,056
In-kind	216,155	14,457	26,510	257,122	80,970	135,789	40,072	256,831	513,953
Bad debt	-	-	-	-	8,800	8,968	33,569	51,337	51,337
Miscellaneous	32,820	8,326	16,594	57,740	217,434	578	192,153	410,165	467,905
Total Operating Expenses	<u>\$ 4,606,827</u>	<u>\$ 2,385,704</u>	<u>\$ 481,418</u>	<u>\$ 7,473,949</u>	<u>\$ 1,718,400</u>	<u>\$ 624,121</u>	<u>\$ 2,790,074</u>	<u>\$ 5,132,595</u>	<u>\$ 12,606,544</u>

See accompanying Notes to Consolidated Financial Statements.

**NEW ENGLAND PUBLIC MEDIA, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**

	2021								
	Program Services				Support Services				
	Public Information, Guides, and Educational Material			Total Program Services	Fundraising and Development	Underwriting	General and Administrative	Total Supporting Services	Total Operating Expenses
Operating Expenses	Programming and Production	Broadcasting							
Salaries and Wages	\$ 2,224,719	\$ 547,165	\$ 287,734	\$ 3,059,618	\$ 631,984	\$ 382,335	\$ 1,341,034	\$ 2,355,353	\$ 5,414,971
Retirement Plan Contributions	23,420	5,760	3,029	32,209	6,653	4,025	14,117	24,795	57,004
Other Employee Benefits	111,500	27,423	14,421	153,344	31,674	19,162	67,211	118,047	271,391
Payroll Taxes	98,295	24,175	12,713	135,183	27,923	16,893	59,251	104,067	239,250
Legal Fees	-	-	309	309	-	-	72,415	72,415	72,724
Accounting Fees	-	-	-	-	-	-	49,951	49,951	49,951
Consulting and Advisory Services	54,120	6,366	41,065	101,551	317,332	152,550	253,301	723,183	824,734
Marketing and Promotions	2,008	-	36,586	38,594	74,330	190	1,680	76,200	114,794
Information Technology	23,646	395,365	5,839	424,850	11,828	9,771	49,022	70,621	495,471
Occupancy	191,891	427,151	23,129	642,171	17,347	9,637	131,254	158,238	800,409
Travel	2,995	2,309	63	5,367	434	973	533	1,940	7,307
Interest	12,625	-	-	12,625	-	-	-	-	12,625
Depreciation and Amortization	13,557	215,220	-	228,777	-	-	105,711	105,711	334,488
Equipment Expense	19,839	9,486	-	29,325	-	-	202	202	29,527
Insurance	1,824	-	-	1,824	-	-	37,425	37,425	39,249
Digital Services	11,323	2,750	24,939	39,012	12	-	-	12	39,024
Rights and Licenses	2,100	-	-	2,100	-	-	-	-	2,100
Production and Acquisitions	826,331	728,507	255	1,555,093	54,814	-	36,950	91,764	1,646,857
In-Kind	228,184	-	27,986	256,170	85,476	105,556	42,303	233,335	489,505
Bad Debt	19,068	-	-	19,068	-	18,519	-	18,519	37,587
Miscellaneous	62,002	18,462	14,034	94,498	74,088	14,102	170,133	258,323	352,821
Total Operating Expenses	\$ 3,929,447	\$ 2,410,139	\$ 492,102	\$ 6,831,688	\$ 1,333,895	\$ 733,713	\$ 2,432,493	\$ 4,500,101	\$ 11,331,789

See accompanying Notes to Consolidated Financial Statements.

**NEW ENGLAND PUBLIC MEDIA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Financial Statement Presentation**

The consolidated financial statements of New England Public Media, Inc. and affiliates (NEPM or the Organization) include the accounts of New England Public Media and its wholly owned affiliated stations (WGBY-TV, WNNU-FM, WNNZ-AM, WNNZ-FM and WNNI-FM), collectively referred to herein as NEPM. In prior years, the consolidated financial statements also included NEPR Foundation Real Estate, Inc. (NEPR FRE). The affiliate's purpose was to purchase, develop and rehabilitate real and personal property and lease the same to NEPM. New England Public Media was the sole corporate member of NEPR FRE. NEPR FRE was dissolved during fiscal year 2021.

Effective July 23, 2019, the WGBH Educational Foundation (GBH or the Foundation) entered into an affiliation agreement with New England Public Radio (NEPR). NEPR business operations were combined with the Foundation's television station, WGBY to create an entity called NEPM. GBH is the sole corporate member of NEPM.

All significant intercompany accounts and transactions have been eliminated.

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP). Net assets are classified as either with donor restrictions or without donor restrictions. In the accompanying consolidated financial statements, net assets that have similar characteristics have been combined into similar categories as follows:

**Net Assets Without Donor Restrictions**

Net assets without donor restrictions are the part of net assets of a not-for-profit entity that are not subject to donor-imposed restrictions. A donor-imposed restriction is a donor stipulation that specifies a use for a contributed asset that is more specific than broad limits resulting from the following: a) the nature of the not-for-profit entity, b) the environment in which it operates and c) the purposes specified in its articles of incorporation or bylaws or comparable documents. This classification includes all revenues, gains and expenses not restricted by donors. The Organization reports all expenditures in this class of net assets since the use of restricted contributions in accordance with donors' stipulations results in the release of the restriction.

Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors (the Board). Upon approval by the Board, transfers are made between undesignated and board-designated net assets without donor restrictions.

**Net Assets with Donor Restrictions**

Net assets with donor restrictions are the part of net assets of a not-for-profit entity subject to donor-imposed restrictions. These include contributions for which donor-imposed restrictions have not been met, endowment gifts required to be retained for either a term or in perpetuity, investment income and appreciation on endowment funds and pledges receivable.

**NEW ENGLAND PUBLIC MEDIA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Assets With Donor Restrictions (Continued)**

Donor-imposed restrictions may expire due to the passage of time or through actions of the Organization pursuant to the stipulations of the donor. Expirations of donor-imposed stipulations that simultaneously increase one class of net assets and decrease another are reported as net assets released from restrictions. The Organization has not elected the simultaneous release option for unconditional non-exchange transactions that are also subject to purpose restrictions. Under this option, net assets without donor restrictions include the donor-restricted gifts and pledges whose purpose restrictions are met in the same reporting year as the revenue is recognized.

NEPM receives contributions from the Corporation for Public Broadcasting (CPB), organizations, major donors, states and federal agencies for the production of television and radio programming. These contributions are reported as increases in net assets with donor restrictions. NEPM's policy is to release the contributions into net assets without donor restrictions upon delivery of the completed programming.

Contributions received with donor restrictions are released from restriction as costs are incurred.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities in accordance with the overall mission of the Organization. In the consolidated statement of functional expenses, each functional classification displays all expenses related to the underlying operations by natural classification. Accordingly, certain costs, such as salaries, benefits, depreciation and maintenance have been allocated among the respective program and support services benefited based on total personnel costs or other systematic methods.

**Use of Estimates**

The preparation of the accompanying consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the revenues and expenses reported for the period. Significant estimates include radio licenses, assets held for sale, deferred revenue and other liabilities, and the valuation of non-marketable investments. Actual results could differ from those estimates.

**NEW ENGLAND PUBLIC MEDIA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Changes in Accounting Principle**

In September 2020, the FASB issued 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amended guidance applies to NFPs that receive contributed nonfinancial assets. Contribution revenue may be presented in the financial statements using different terms (for example, gifts, donations, grants, gifts-in-kind, donated services, or other terms), address presentation and disclosure of contributed nonfinancial assets.

In November 2021, the FASB issued ASU 2021-09, *Leases* (Topic 842): *Discount Rate for Lessees That Are Not Public Business Entities*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing transactions. The amendments in this Update affect lessors with lease contracts that (1) have variable lease payments that do not depend on a reference index or a rate and (2) would have resulted in the recognition of a selling loss at lease commencement if classified as sales-type or direct financing. For entities that have adopted Topic 842 as of November 11, 2021, the amendments in this Update are effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Earlier application is permitted. Entities are required to apply the amendments on a modified retrospective basis to leases that exist at the beginning of the fiscal year of adoption of a final Update. The new standard did not have a material impact on the Organization's consolidated financial statements.

**Revenue Recognition**

The Organization recognizes revenue from a variety of sources, including but not limited to the following:

- Local corporate sponsorship supporting operations is recognized as revenue without donor restrictions when the related sponsorship credit is run on the Organization's broadcasts. For the years ended June 30, 2022 and 2021, local corporate underwriting revenue was \$1,625,000 and \$1,500,000.
- Viewer and listener support consists of contributions from the general public to support the general operations of the Organization and are recognized upon receipt.
- Revenue from unconditional contributions include Organization grants and gifts from major donors. They are recognized as revenue with or without donor restrictions upon notice of the donor's unconditional promise to give and are reflected in the grants and contributions line of the consolidated statement of activities. Revenue is released from restriction when the time or purpose restriction has been met.

**NEW ENGLAND PUBLIC MEDIA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

- Federal and CPB grants are conditional contributions and recognized as revenue with donor restrictions when the related conditions are met. These non-exchange agreements are considered conditional if the terms of the agreement include both a right of return of assets received/promised and a barrier to entitlement. Conditional agreements are not recognized until the conditions and barriers on which they depend are met. They are reflected in the grants and contributions line of the consolidated statement of activities.
- Community service grants from the Corporation for Public Broadcasting (CPB) are recognized as revenue without donor restrictions upon receipt of the award letter from CPB.
- Planned giving consists of contributions from the estates of deceased donors. Revenue is recognized as increases in net assets without donor restrictions or with donor restrictions upon notification of the gift, depending on the nature of the restriction identified by the donor.
- Contributed nonfinancial assets (donated services and facilities) whose value is measurable are recorded at the estimated fair value of the related services or facilities as revenue and expense, or capitalized as assets, when received. The fair value is determined based on the donor's usual and customary fees charged to paying customers for equivalent goods and services. Donated services and materials are received by the Organization from various professional and educational organizations and relate principally to educational material promotion, advertising, and production in the support of national programming. The economic benefit and costs of these donated services and materials are recorded in the accompanying consolidated financial statements as revenue and expense at the estimated fair value of the services received to the extent that the services require specialized skills, would be purchased by the Organization if not donated, and that the services create or enhance nonfinancial assets.
- Other services revenue consists of production services provided to other organizations. Revenue is recognized in net assets without donor restrictions over the period in which the service is provided.
- Miscellaneous income consists of revenue derived from rental of space, and the filing of film tax credits. Rental income is recognized in the period in which the space is occupied and film tax credit revenue is recognized when the tax credit application is submitted.

The consolidated statement of activities reflects the disaggregation of revenues earned during the fiscal year by the Organization. Revenues earned from underwriting, and other services are all recognized in accordance with ASC (Accounting Standards Codification) 606, *Contracts with Customers*. With the exception of rental income, which is recognized in accordance with ASC 842, *Leases*, all miscellaneous income is also recognized in accordance with ASC 606. Customer payment is generally due within 30 days of invoice date.

Revenues earned from contributions, community service grants, federal and CPB grants, and major donors are recognized in accordance with ASC 958, *Not-for-Profit Entities*.

**NEW ENGLAND PUBLIC MEDIA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash**

The Organization maintains its cash balance with two institutions and was approximately \$455,000 and \$1,096,000 at June 30, 2022 and 2021, respectively. Cash includes amounts on deposit with financial institutions.

**Investments**

Investments are stated at fair value. Securities traded on a national securities exchange are valued at the last reported sales price on June 30, 2022 and 2021; investments traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the average of the last reported bid and ask prices. Certain nonmarketable securities are valued using current estimates of fair value obtained from the general partner or investment manager in the absence of readily determinable public market values. Such valuations may reflect discounts for liquidity and consider variables such as financial performance of investments, including comparison of comparable companies' earnings multiples, cash flow analysis, recent sales prices of investments, and other pertinent information. The Organization reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the fair value of investments. Since there are inherent uncertainties in valuing certain of these investments, the investment manager or general partner's estimate may differ from the values that would have been used had a ready market existed and the differences could be significant. The agreements underlying participation in nonmarketable investment funds may limit the Organization's ability to liquidate its interest in such investments for a period of time. The Organization believes that the carrying amount of its nonmarketable securities is a reasonable estimate of fair value as of June 30, 2021. All nonmarketable investments were liquidated during fiscal year 2022. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Investment income or loss (including unrealized and realized gains and losses on investments, interest, and dividends) and unrealized changes in investments are recorded as nonoperating gains (losses) unless the income is restricted by donor or law. If restricted by donor or law, they are reported as follows:

- As increases in net assets with donor restrictions if the terms of the underlying gift require that they be added to the principal of a permanent endowment fund; and
- As increases in net assets with donor restrictions if the terms of the underlying gift or relevant state law impose restrictions on the current use of the income or net gains. The Organization has relied on the Uniform Prudent Management of Institutional Funds Act (UPMIFA) enacted by the Commonwealth of Massachusetts in July 2009 regarding relevant state law that unappropriated endowment gains should generally be classified as net assets with donor restrictions until appropriated by the Board of Directors.

**NEW ENGLAND PUBLIC MEDIA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments (Continued)**

Annually, the Organization reviews investments where the fair value is substantially below cost, and in cases where the decline is considered to be “other than temporary,” an adjustment is recorded as a realized loss, and a new cost basis is established. At June 30, 2022 and 2021, there were no investments that had fair values less than cost that were determined to be other than temporary.

**Pledges Receivable**

Unconditional promises to give are recorded as pledges receivable in the consolidated financial statements when the donor’s commitment is received. Unconditional promises to give that are expected to be fulfilled within one year are recorded at fair value. Multiyear unconditional promises are recognized at the present value of the future expected cash flows, less an appropriate reserve for uncollectible pledges. Discounts are calculated using the Organization’s taxable unsecured borrowing rate, which considers market and credit risk. Subsequent years’ accretion of the discount is included in contribution revenue and used in accordance with any donor-imposed restrictions on the contributions. The allowance for doubtful accounts is based upon management’s judgment and analysis of the creditworthiness of the donors, past collection experience and other relevant factors.

Conditional promises to give are considered conditional if the terms of the agreement include both a right of return of assets received/promised and a barrier to entitlement. Conditional agreements are not recognized as pledges receivable until the conditions and barriers on which they depend are met.

**Radio Licenses**

The Organization owns various radio licenses for four separate radio frequencies which cover the western Massachusetts area. These radio licenses are indefinite-lived assets and are subject to at least annual impairment testing.

The combined value for these radio and television licenses was \$2,780,000 for June 30, 2022 and 2021.

**Property, Facilities, and Equipment**

Property, facilities, and equipment are reported at cost at the date of acquisition, or estimated fair value at the date of donation, in the case of gifts, less accumulated depreciation. For assets placed in service, depreciation is provided using the straight-line method over the estimated useful life of the asset (or for leasehold improvements over the related lease term, whichever is shorter) which range from 3 to 40 years.

Maintenance and repairs are charged to expense as incurred; betterments are capitalized. Upon retirement or sale of property, facilities and equipment, the cost of the disposed assets and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is credited or charged to net assets without donor restrictions.



**NEW ENGLAND PUBLIC MEDIA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Asset Held for Sale**

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as being met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

As of June 30, 2022, management had committed to sell an office condominium (the property) consisting of land and building, and negotiations with an interested party are in progress. The property was presented as a held-for-sale asset in the statement of financial position at a fair value of \$850,000 as of June 30, 2022. \$850,000 represent the net realizable value of the asset as of year-end. The Organization recognized an impairment loss of \$598,306 to write down the value of the asset from cost basis to net realizable value.

**Financing Arrangement**

In 2013, NEPM, obtained financing for the purchase of a condominium unit on Main Street in Springfield, Massachusetts, and the subsequent renovation of that unit (the project) through the establishment of two Limited Liability Companies: New England Public Radio Investment Fund LLC (Investment LLC) and MHIC NE CDE II Subsidiary 22 LLC, to obtain the necessary funding for the project and obtain New Markets Tax Credits under the Section 45D of the Internal Revenue Code. NEPM is not a member of either of these companies.

Investment LLC obtained a leverage loan from NEPR, and an initial capital contribution from MHIC New Markets Western Massachusetts Fund, LLC. Investment LLC then made a capital contribution to MHIC NE CDE II Subsidiary 22 LLC, which in turn loaned NEPR FRE \$6,014,000.

A note receivable of \$4,246,000 from Investment LLC was recorded. The note was collateralized by substantially all the assets of Investment LLC and required receipt of payments of interest at 0.705% per annum through December 2020. Commencing in January 2021, the note was receivable in monthly installments ranging from \$12,000 to \$21,000, including interest at 0.705% per annum, through November 2043. The remaining balance due, if any, was receivable in December 2043. As of June 30, 2020, \$4,246,000 was recorded in other assets in the consolidated statement of financial position.

On August 19, 2020, the Directors of NEPR FRE, a supporting organization of NEPM, authorized the unwinding of the New Market Tax Credit Transaction (the NMTC Transaction) dated August 8, 2013, in which NEPM and NEPR FRE obtained funds to develop a new facility for the operation of NEPM's radio station. As NEPR FRE was created solely for this transaction, the unwinding allowed for the merger of NEPR FRE with NEPM and the forgiveness of the associated financing arrangements. A gain on the forgiveness of the loan payable and loan receivable resulted in a net gain of \$1,603,000, which was recorded in non-operating gains and losses in the consolidated statement of activities as of June 30, 2021. As of June 30, 2022 and 2021, the balances of the loan payable and note receivable was \$0, respectively.

**NEW ENGLAND PUBLIC MEDIA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code. U.S. GAAP requires the Organization to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service (IRS). NEPM has analyzed the tax positions taken and has concluded that as of June 30, 2022 and 2021, there are no significant uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements.

**Fair Value of Financial Instruments**

The fair value of the Organization's financial instruments approximates the carrying amount reported in the consolidated statement of financial position for cash, investments and payables.

**Health Insurance Plan**

NEPM is self-insured for all of their employee health insurance plans. These costs are accounted for on an accrual basis to include estimates of future payments on claims incurred as of the date of the statement of financial position and are included in accounts payable and accrued expenses on the consolidated statement of financial position.

**Related Party Transactions**

NEPM received donated services and facilities from GBH totaling \$1,153,000 and \$1,047,000 for the years ended June 30, 2022 and 2021, respectively. These donated services are recorded as net asset transfers in the consolidated statements of activities. NEPM received other affiliation support for operations from GBH of \$2,230,000 and \$2,758,000, respectively, for the years ended June 30, 2022 and 2021, included in net assets transfers from GBH in the consolidated statements of activities. NEPM reimbursed GBH \$107,000 for employee salary costs as of June 30, 2021 and \$222,000 was reimbursed to GBH as of June 30, 2022. NEPM has recorded in accounts receivable net amounts due to GBH totaling \$1,123,000 and \$2,104,000 at June 30, 2022 and 2021, respectively.

**Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

**NEW ENGLAND PUBLIC MEDIA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 2 PLEDGES RECEIVABLE**

Pledges receivable at June 30 were comprised of the following:

	2022	2021
In Less Than One Year	\$ 118,779	\$ 285,089
Allowance for Unfulfilled Pledges	(13,995)	(8,932)
Pledges Receivable, Net	104,784	276,157
Between One Year and Five Years	176,266	121,033
Less: Present Value Discount	(14,094)	(11,809)
Long-Term Pledges Receivable, Net	162,172	109,224
Total Pledges	<u>\$ 266,956</u>	<u>\$ 385,381</u>

**NOTE 3 INVESTMENTS**

Investments held by the Organization are comprised of the following at June 30:

	2022		2021	
	Cost	Fair Value	Cost	Fair Value
Domestic Equities	\$ 1,923,464	\$ 1,748,879	\$ 1,466,276	\$ 1,547,764
Funds Held at Community Foundation	-	-	74,446	179,104
Total Investments	<u>\$ 1,923,464</u>	<u>\$ 1,748,879</u>	<u>\$ 1,540,722</u>	<u>\$ 1,726,868</u>

**NOTE 4 FAIR VALUE OF INVESTMENT ASSETS AND LIABILITIES**

The Organization values its investments at fair value in accordance with the *Fair Value Measurements* standard. Under this standard, fair value is defined as the price that would be received to sell an asset or be paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date. The standard principally affects investments (with and without donor restrictions); however, other applicable fair value measurements include discounting multi-year pledges on the initial date of recognition, and applicable liabilities of pooled income fund and charitable gift annuities.

Additionally, the standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

**NEW ENGLAND PUBLIC MEDIA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 4 FAIR VALUE OF INVESTMENT ASSETS AND LIABILITIES (CONTINUED)**

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement. However, the determination of what constitutes “observable” requires significant judgment by the Organization. NEPM considers observable data to be that market data which is readily available; regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Organization’s perceived risk of that instrument.

The availability of observable inputs can vary from product to product and is affected by a wide variety of factors, including for example, the type of product, whether the product is new and not yet established in the marketplace, the liquidity of markets and other characteristics particular to the transaction.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Organization in determining fair value is greatest for instruments categorized in Level 3.

A description of the Organization’s valuation methodologies for assets and liabilities measured at fair value is as follows:

- Fair value for Level 1 is based upon quoted prices in active markets that the Organization has the ability to access for identical assets and liabilities. Market price data is generally obtained from exchange or dealer markets. The Organization does not adjust the quoted price for such assets and liabilities.
- Fair value for Level 2 is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources including market participants, dealers, and brokers.
- Fair value for Level 3 is typically based on unobservable inputs that are supported by little or no market activity and rely on assumptions and estimates about pricing derived from available information.

**NEW ENGLAND PUBLIC MEDIA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 4 FAIR VALUE OF INVESTMENT ASSETS AND LIABILITIES (CONTINUED)**

The following table presents the financial instruments carried at fair value and is intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position as of June 30:

2022				
	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs and/or Restrictions	Total
Domestic Equities	\$ 1,748,879	\$ -	\$ -	\$ 1,748,879
Total Investments	<u>\$ 1,748,879</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,748,879</u>

2021				
	Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs and/or Restrictions	Total
Domestic Equities	\$ 1,547,764	\$ -	\$ -	\$ 1,547,764
Funds Held at Community Foundation	-	-	179,104	179,104
Total Investments	<u>\$ 1,547,764</u>	<u>\$ -</u>	<u>\$ 179,104</u>	<u>\$ 1,726,868</u>

The Organization uses prices and inputs that are current as of the measurement date, including during periods of market dislocation. In periods of market dislocation, the observability of prices and inputs, including those obtained from external pricing sources, may be reduced for many instruments.

The Organization uses discounted rates for the duration and for unobservable inputs and the principal valuation technique of discounted cash flows for Funds Held at Community Foundation.

The Organizations portfolio consistent of Level 1 and Level 3 assets for the year ended June 30, 2021. The Organization liquidated all Level 3 assets during the year ended June 30, 2022 and therefore all assets as of June 30, 2022 are considered Level 1.

**NEW ENGLAND PUBLIC MEDIA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 5 PROPERTY, FACILITIES, AND EQUIPMENT**

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

	Useful Life	2022	2021
Land and Land Improvements		\$ 233,222	\$ 233,222
Building and Improvements	3 to 40 Years	2,090,757	3,477,072
Broadcast, Video, and Film Equipment	3 to 20 Years	3,550,336	3,527,920
Office Equipment, Furniture, and Fixtures	3 to 25 Years	773,875	782,721
Computers and Peripherals	3 to 10 Years	1,079	1,079
Fixed Assets Not Yet Placed Into Service		2,149,683	306,419
Subtotal		8,798,952	8,328,433
Less: Accumulated Depreciation		(5,108,231)	(4,824,377)
Property, Facilities, and Equipment, Net		<u>\$ 3,690,721</u>	<u>\$ 3,504,056</u>

Assets totaling \$8,845 were disposed of during the year ended June 30, 2022. A gain on disposal of \$9,500 was recorded. There were no disposals during the year ended June 30, 2021.

Depreciation expense related to property, facilities and equipment was \$331,000 and \$334,000 for the years ended June 30, 2022 and 2021, respectively.

**NOTE 6 DEBT**

On April 30, 2020, NEPM entered into a term loan agreement with Bank of America (the term loan) for \$600,000 which is guaranteed by GBH. The proceeds of the term loan were used to refinance existing indebtedness of NEPM. Commencing in May 2020, the term loan is payable in equal installments of \$5,600, with interest due at a rate equal to 2.20% per annum through April 30, 2030.

**NEW ENGLAND PUBLIC MEDIA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 6 DEBT (CONTINUED)**

On February 1, 2021, NEPM entered into a new loan agreement with Peoples Bank for \$683,000. The loan is eligible for forgiveness under the Paycheck Protection Program (PPP) of the Small Business Association (SBA). The proceeds were used to cover payroll costs during the year ended June 30, 2021. In November 2021, the loan was forgiven and as a result \$683,000 was recorded in non-operating gains and losses in the consolidated statement of activities.

The SBA may review funding eligibility and use of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of a liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

NEPM debt payable consists of the following at June 30:

	Original Issuance	2022	2021
NEPM Bank of America Term Loan, Due 2030	\$ 600,000	\$ 481,083	\$ 536,671
PPP Loan, Due 2026	683,233	-	683,233
NEPM Bank of America Line of Credit, Due 2026	1,350,000	1,000,000	-
Total	<u>\$ 2,633,233</u>	1,481,083	1,219,904
Less: Current Maturities		1,056,842	738,795
Long-Term Debt, Net		<u>\$ 424,241</u>	<u>\$ 481,109</u>

The scheduled principal payments are shown in the table below:

Year Ending June 30,	Amount
2023	\$ 1,056,842
2024	58,099
2025	59,432
2026	60,771
2027	62,141
Thereafter	183,798
Total Principle Payments	<u>\$ 1,481,083</u>

Total interest expense was \$13,000 and \$13,000, respectively, for the years ended June 30, 2022 and 2021 and is included in general and administrative expenses on the consolidated statements of activities.

**Line of Credit**

On April 30, 2020, NEPM entered into a revolving credit agreement in conjunction with GBH. Under this agreement, NEPM has access to a line of credit of \$1,500,000. Borrowings under the agreement are made at the Organization's option, as either a LIBOR Daily Floating Rate Loan or as a LIBOR Loan. If made as a LIBOR Daily Floating Rate Loan, interest on the outstanding principal will accrue at a rate equal to LIBOR Daily Floating Rate plus 0.55%. If made as a LIBOR Loan, the outstanding principal will accrue interest at a rate equal to the LIBOR Rate for such interest period plus 0.55%. There was \$1,350,000 withdrawn in fiscal year 2022 of which \$350,000 was repaid as of June 30, 2022. There was \$1,000,000 outstanding for NEPM at June 30, 2022 and no amount as of June 30, 2021.

**NEW ENGLAND PUBLIC MEDIA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

The Organization determines if an arrangement is or contains a lease at inception of the contract. Right-of-use assets represent a right to use the underlying assets for the lease term and lease liabilities represent an obligation to make lease payments arising from the leases. Right-of-use assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Organization uses the implicit rate noted within the contract. If not readily available, a risk-free Treasury rate is utilized. A right-of-use asset and lease liability is not recognized for leases with an initial term of 12 months or less. Lease expense for these leases is recognized on a straight-line basis over the lease term.

The Organization's operating and finance lease agreements are for television or radio transmitters on telecommunication towers, equipment, and automobiles. Agreements typically have initial terms of 5 to 10 years. The leases may include one or more options to renew, with renewals that can extend the lease term from 10 to 50 years. The exercise of lease renewal options is at the Organization's sole discretion. When determining the lease term, the Organization has included options to extend or terminate the lease when it is reasonably certain that the option will be exercised.

Supplemental balance sheet information related to leases as of June 30, 2022 are as follows:

	2022	
	Finance Lease	Operating Lease
Right of Use Assets - Leases	\$ 262,537	\$ 998,827
Accumulated Amortization	(12,081)	(143,130)
Right of Use Assets - Leases, Net	<u>\$ 250,456</u>	<u>\$ 855,697</u>
Current Portion of Right of Use Obligations	\$ 6,527	\$ 47,877
Long-Term Right of Use Obligations, Excluding Current Portion	250,644	814,666
Total Lease Liabilities	<u>\$ 257,171</u>	<u>\$ 862,543</u>
Weighted Average Remaining Lease Term Years	19.06	37.19
Weighted Average Discount Rate	1.85%	1.26%



**NEW ENGLAND PUBLIC MEDIA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)**

Supplemental balance sheet information related to leases as of June 30, 2021 are as follows:

	2021	
	Finance Lease	Operating Lease
Right of Use Assets - Leases	\$ -	\$ 998,827
Accumulated Amortization	-	(78,955)
Right of Use Assets - Leases, Net	<u>\$ -</u>	<u>\$ 919,872</u>
Current Portion of Right of Use Obligations	\$ -	\$ 61,613
Long-Term Right of Use Obligations, Excluding Current Portion	-	862,537
Total Lease Liabilities	<u>\$ -</u>	<u>\$ 924,150</u>
Weighted Average Remaining Lease Term Years	-	36.4
Weighted Average Discount Rate	-	1.22%

There were no new leases entered into during the years ended June 30, 2022 and 2021, respectively, however there was a lease modification which was reassessed and classified as a Finance Lease during the year ended June 30, 2022.

Future maturities of lease liabilities as June 30, 2022 are as follows:

Year Ending June 30,	Finance Lease	Operating Lease
2023	\$ 11,212	\$ 58,165
2024	11,660	56,136
2025	12,127	48,741
2026	12,612	47,880
2027	13,117	44,635
Thereafter	250,881	855,595
Total Lease Payments	311,609	1,111,152
Less: Imputed Interest	(54,438)	(248,609)
Total Lease Payments	<u>\$ 257,171</u>	<u>\$ 862,543</u>

**NEW ENGLAND PUBLIC MEDIA, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 7 RIGHT-OF-USE-ASSETS AND LIABILITIES (CONTINUED)**

The components of lease expense for the years ended June 30, 2022 and 2021 are as follows:

	12 Months Ended June 30, 2022	12 Months Ended June 30, 2021
Operating Lease Cost	\$ 74,756	\$ 90,267
Variable and Short Term Lease Cost (a)	129,914	123,073
Total Lease and Rental Expense	<u>\$ 204,670</u>	<u>\$ 213,340</u>
	12 Months Ended June 30, 2022	12 Months Ended June 30, 2021
Finance Lease Cost		
Depreciation of Property Under Finance Lease	\$ 12,081	\$ -
Interest on Debt of Property Under Finance Lease	4,810	-
Total Finance Lease Cost	<u>\$ 16,891</u>	<u>\$ -</u>

(a) Includes certain equipment, automobiles, month-to-month and leases with a maturity of less than 12 months.

Cash paid for amounts included in the measurement of lease liabilities:

	12 Months Ended June 30, 2022	12 Months Ended June 30, 2021
Operating Cash Flows from Operating Leases	\$ 71,215	\$ 86,017
Operating Cash Flows from Finance Leases	4,810	-
Financing Cash Flows from Finance Leases	(10,175)	-
Total Cash Flows from Leases	<u>\$ 65,850</u>	<u>\$ 86,017</u>

**NOTE 8 RETIREMENT PLAN**

The Organization has multiple defined contribution plans (the Plans) for eligible employees through the Teachers Insurance and Annuity Association (TIAA) and College Retirement Equity Fund in accordance with the provisions of Section 403(b) of the Internal Revenue Code. Contributions are made by the provisions of Section 403(b) of the Internal Revenue Code. The Organization's expense under the Plans totaled \$62,000 and \$57,000 for the year ended June 30, 2022, and 2021, respectively. The Organization has no liability for benefits at June 30, 2022 and 2021. The Organization matched 80% of qualified employee salary deferrals for the largest plan for the years ended June 30, 2022, and 2021. These amounts are included within accrued expenses on the consolidated statement of financial position.

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**NOTE 9 COMPONENTS OF NET ASSETS**

Net assets of NEPM consist of the following at June 30:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Undesignated	\$ 5,954,236	\$ -	\$ 5,954,236
Board-Designated Endowment	1,459,181	-	1,459,181
Grants for Future Programming	-	132,108	132,108
Capital Campaign and Other	-	436,945	436,945
Investments Held in Perpetuity	-	197,891	197,891
Appreciation of Investments	-	-	-
not yet Released into Operations	-	77,868	77,868
Total	<u>\$ 7,413,417</u>	<u>\$ 844,812</u>	<u>\$ 8,258,229</u>

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Undesignated	\$ 7,149,569	\$ -	\$ 7,149,569
Board-Designated Endowment	1,529,309	-	1,529,309
Grants for Future Programming	-	2,989	2,989
Capital Campaign and Other	244,768	394,358	639,126
Investments Held in Perpetuity	-	197,891	197,891
Appreciation of Investments	-	-	-
not yet Released into Operations	-	114,850	114,850
Total	<u>\$ 8,923,646</u>	<u>\$ 710,088</u>	<u>\$ 9,633,734</u>

Endowments classified with donor restrictions are to be utilized for programming, fellowships, and operational support.

The Organization's endowment consists of donor-restricted endowment funds established for a variety of purposes. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Donor-restricted endowments are composed of the investments of contributed principal that have been restricted by the donor in perpetuity.

The Organization's endowment is subject to an enacted version of the UPMIFA, and as such, generally accepted accounting principles requires disclosures about the Organization's endowment funds including both donor-restricted and board-designated endowment funds.

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**NOTE 9 COMPONENTS OF NET ASSETS (CONTINUED)**

The policy governing the investment of the Organization's endowment is twofold: to provide a reasonable and prudent level of currently expendable income in accordance with the spending policy set by the Investment Committee from time to time and to support the Organization and its mission over the long term by ensuring that the future growth of the endowment is sufficient to offset normal inflation plus reasonable spending, thereby preserving the constant dollar value and purchasing power of the endowment for the benefit of future programs and services. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce a real return, net of inflation and investment management costs, of at least 5% over the long term. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on investments to achieve its long-term objective within prudent risk constraints.

Changes in endowment net assets consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets at June 30, 2020	\$ -	\$ 224,428	\$ 224,428
Investment Return:			
Investment Income	-	401	401
Net Appropriation (Realized and Unrealized)	83,064	87,913	170,977
Total Investment Gains	83,064	88,314	171,378
Contribution	1,483,499	-	1,483,499
Appropriation of Endowment Assets	(37,254)	-	(37,254)
Endowment Net Assets at June 30, 2021	1,529,309	312,742	1,842,051
Investment Return:			
Investment Income	36,724	1,017	37,741
Net Appropriation (Realized and Unrealized)	(229,736)	(37,999)	(267,735)
Total Investment Gains	(193,012)	(36,982)	(229,994)
Contribution	180,096	-	180,096
Appropriation of Endowment Assets	(57,212)	-	(57,212)
Endowment Net Assets at June 30, 2022	<u>\$ 1,459,181</u>	<u>\$ 275,760</u>	<u>\$ 1,734,941</u>

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**NOTE 10 LIQUIDITY AND AVAILABILITY**

The following resources could be available within one year for general expenditures, such as operating expenses, scheduled principal payments on debt, and capital construction costs not financed with debt as of June 30, 2022:

	<u>2022</u>	<u>2021</u>
Financial Assets:		
Cash	\$ 455,190	\$ 1,095,772
Accounts Receivable	270,484	213,951
Pledges Receivable Available for Operations	118,779	285,089
Assets Held for Sale	<u>850,000</u>	<u>-</u>
Financial Assets Available Within		
One Year	1,694,453	1,594,812
Liquidity Resources:		
Bank Lines and Letter of Credit		
(Undrawn)	<u>500,000</u>	<u>1,500,000</u>
Financial Assets and Liquidity		
Resources Available Within		
One Year	<u><u>\$ 2,194,453</u></u>	<u><u>\$ 3,094,812</u></u>

**NOTE 11 COMMITMENTS AND CONTINGENCIES**

The Organization is obligated to make rental payments under various noncancelable operating lease agreements. Refer to Note 8 for additional information on lease commitments to be paid in the future.

Under operating lease agreements, the Organization rents certain office space to third parties. The total of future minimum rentals to be received by NEPM under the noncancelable leases are as follows:

Year Ending June 30,	Amount
2023	\$ 120,000
2024	120,000
2025	120,000
2026	<u>90,000</u>
Total Principle Payments	<u><u>\$ 450,000</u></u>

Rental income for building leases amounted to \$120,000 for the years ended June 30, 2022 and 2021, respectively. These amounts have been recorded in miscellaneous income in the consolidated statements of activities.

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**NOTE 12 CONTRIBUTED NONFINANCIAL ASSETS**

The Organization received contributed professional services, supporting services and trade-in services during fiscal years 2022 and 2021. Donated services are measured at their estimated fair value and have been included in the consolidated statements of activities. The Organization receives donated services from primarily three sources: administrative services, trade services and other services. These services do require specialized skills and, therefore, meet the requirement to be recognized in financial statements. Contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed services and promises to give that do not meet the above criteria are not recognized. NEPM received donated administrative services and facilities totaling \$364,000 and \$384,000 for the years ended June 30, 2022, and June 30, 2021, respectively. Additionally, a total of \$150,000 and \$105,000 in contributed non-financial services were received for the year ended June 30, 2022, and June 30, 2021, respectively, for airing of spots on the radio and television stations and other services. These services are recorded as contributed non-financial assets in the consolidated statements of activities.

**NOTE 13 SUBSEQUENT EVENTS**

The Organization recognizes in the consolidated financial statement the effects of all subsequent events that provide additional evidence about conditions that existed at the dates of the consolidated statement of financial position. The Organization does not recognize subsequent events that provide evidence about conditions that did not exist at the dates of the consolidated statement of financial position but arose after the consolidated statement of financial position dates but before the consolidated financial statement are issued. For these purposes, the Organization has evaluated events occurring subsequent to the consolidated statement of financial position date through October 24, 2022 the date the consolidated financial statements were issued.

The Organization recorded \$850,000 in the consolidated statement of financial position for a building classified as held-for-assets as of June 30, 2022. In October 2022, the Organization signed the Purchase Agreement for the transaction to close in November 2022.