



# Maine Public Broadcasting Corporation d/b/a



## FINANCIAL STATEMENTS

June 30, 2023 and 2022

With Independent Auditor's Report



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

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## INDEPENDENT AUDITOR'S REPORT

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

### Opinion

We have audited the accompanying financial statements of Maine Public Broadcasting Corporation d/b/a Maine Public (the Organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

### Basis for Opinion

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

### Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Organization adopted Financial Accounting Standards Board Accounting Standards Codification Topic 842, *Leases*, in 2023. Our opinion is not modified with respect to that matter.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's 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 auditor's 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 U.S. 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 U.S. 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 the Organization'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 the Organization'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.

*Berry Dunn McNeil & Parker, LLC*

Manchester, New Hampshire  
January 11, 2024

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

**Statements of Financial Position**

**June 30, 2023 and 2022**

**ASSETS**

	<u>2023</u>	<u>2022</u>
Current assets		
Cash and cash equivalents	\$ 2,819,226	\$ 3,261,384
Cash internally designated for capital purposes	358,967	357,468
Accounts and grants receivable	1,409,993	1,474,881
Pledges receivable within one year	1,775,849	2,162,051
Prepaid expenses	66,251	131,929
Total current assets	<u>6,430,286</u>	<u>7,387,713</u>
Property and equipment		
Broadcast equipment	17,111,630	16,435,504
Land and improvements	3,184,978	3,184,978
Buildings and improvements	5,025,086	5,098,823
Office equipment and furniture	1,920,837	2,607,666
Automotive equipment	662,451	561,922
Construction in progress – Portland facility	2,210,457	1,077,212
	<u>30,115,439</u>	<u>28,966,105</u>
Accumulated depreciation	<u>(16,363,395)</u>	<u>(19,903,123)</u>
Total property and equipment	<u>13,752,044</u>	<u>9,062,982</u>
Other assets		
Unemployment compensation deposit	62,035	62,029
Investments	9,780,518	8,736,769
Cash and cash equivalents restricted for capital purposes	18,347,187	15,945,370
Pledges receivable after one year	2,405,579	3,089,157
Operating lease - right-of-use asset	1,467,829	-
Total other assets	<u>32,063,148</u>	<u>27,833,325</u>
Total assets	<u>\$ 52,245,478</u>	<u>\$ 44,284,020</u>

**LIABILITIES AND NET ASSETS**

Current liabilities		
Current portion of operating lease liability	\$ 367,267	\$ -
Accounts payable	201,011	312,103
Accrued expenses and other	986,324	949,160
Total current liabilities	<u>1,554,602</u>	<u>1,261,263</u>
Accrued postretirement benefits	25,664	33,264
Operating lease liability, net of current portion	1,119,436	-
Total long-term liabilities	<u>1,145,100</u>	<u>33,264</u>
Total liabilities	<u>2,699,702</u>	<u>1,294,527</u>
Net assets		
Without donor restrictions		
Operations	19,229,206	13,634,851
Board designated investment	8,394,660	7,450,632
Total net assets without donor restrictions	<u>27,623,866</u>	<u>21,085,483</u>
With donor restrictions	21,921,910	21,904,010
Total net assets	<u>49,545,776</u>	<u>42,989,493</u>
Total liabilities and net assets	<u>\$ 52,245,478</u>	<u>\$ 44,284,020</u>

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

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

**Statement of Activities**

**Year Ended June 30, 2023**

**(With Summarized Comparative Totals for Year Ended June 30, 2022)**

	<b>2023</b>			<b>2022</b>
	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>	<b><u>Total</u></b>
Operating revenues and support				
Membership	\$ 7,254,282	\$ -	\$ 7,254,282	\$ 7,257,072
State of Maine	1,650,000	-	1,650,000	1,650,000
Corporation for Public Broadcasting	2,277,222	-	2,277,222	1,987,134
Contributions	2,681,552	48,036	2,729,588	2,732,452
Underwriting	3,021,490	-	3,021,490	3,082,978
Government grants	4,417,874	-	4,417,874	-
Investment return	530,858	-	530,858	65,067
Loss on sale of building	-	-	-	(1,063,240)
Other	377,766	-	377,766	325,926
In-kind	3,000	-	3,000	17,500
Net assets released from restrictions	<u>12,042</u>	<u>(12,042)</u>	<u>-</u>	<u>-</u>
Total operating revenues and support	<u>22,226,086</u>	<u>35,994</u>	<u>22,262,080</u>	<u>16,054,889</u>
Operating expenses				
Program service				
Technical	2,785,302	-	2,785,302	2,684,143
Programming and production	6,803,658	-	6,803,658	6,441,876
Public information	<u>671,947</u>	<u>-</u>	<u>671,947</u>	<u>546,882</u>
Total program services	<u>10,260,907</u>	<u>-</u>	<u>10,260,907</u>	<u>9,672,901</u>
Development	3,513,395	-	3,513,395	3,218,730
Administration	2,189,222	-	2,189,222	2,191,590
Capital Campaign	413,762	-	413,762	419,016
Depreciation	<u>1,524,543</u>	<u>-</u>	<u>1,524,543</u>	<u>1,521,352</u>
Total operating expenses	<u>17,901,829</u>	<u>-</u>	<u>17,901,829</u>	<u>17,023,589</u>
Changes in net assets from operations	<u>4,324,257</u>	<u>35,994</u>	<u>4,360,251</u>	<u>(968,700)</u>
Nonoperating activities				
Contributions	152,932	1,171,343	1,324,275	11,704,782
Investment return (loss)	793,408	78,349	871,757	(1,021,516)
Net assets released from restrictions	<u>1,267,786</u>	<u>(1,267,786)</u>	<u>-</u>	<u>-</u>
Total nonoperating activities	<u>2,214,126</u>	<u>(18,094)</u>	<u>2,196,032</u>	<u>10,683,266</u>
Change in net assets	<u>6,538,383</u>	<u>17,900</u>	<u>6,556,283</u>	<u>9,714,566</u>
Net assets, beginning of year	<u>21,085,483</u>	<u>21,904,010</u>	<u>42,989,493</u>	<u>33,274,927</u>
Net assets, end of year	<u>\$ 27,623,866</u>	<u>\$ 21,921,910</u>	<u>\$ 49,545,776</u>	<u>\$ 42,989,493</u>

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

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

**Statement of Activities**

**Year Ended June 30, 2022**

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Operating revenues and support			
Membership	\$ 7,257,072	\$ -	\$ 7,257,072
State of Maine	1,650,000	-	1,650,000
Corporation for Public Broadcasting	1,987,134	-	1,987,134
Contributions	2,616,952	115,500	2,732,452
Underwriting	3,082,978	-	3,082,978
Government grants	-	-	-
Investment return	65,067	-	65,067
Loss on sale of building	(1,063,240)	-	(1,063,240)
Other	325,926	-	325,926
In-kind	17,500	-	17,500
Net assets released from restrictions	<u>164,904</u>	<u>(164,904)</u>	<u>-</u>
Total operating revenues and support	<u>16,104,293</u>	<u>(49,404)</u>	<u>16,054,889</u>
Operating expenses			
Program service			
Technical	2,684,143	-	2,684,143
Programming and production	6,441,876	-	6,441,876
Public information	<u>546,882</u>	<u>-</u>	<u>546,882</u>
Total program services	9,672,901	-	9,672,901
Development	3,218,730	-	3,218,730
Administration	2,191,590	-	2,191,590
Capital Campaign	419,016	-	419,016
Depreciation	<u>1,521,352</u>	<u>-</u>	<u>1,521,352</u>
Total operating expenses	<u>17,023,589</u>	<u>-</u>	<u>17,023,589</u>
Changes in net assets from operations	<u>(919,296)</u>	<u>(49,404)</u>	<u>(968,700)</u>
Nonoperating activities			
Contributions	125,629	11,579,153	11,704,782
Investment income	(928,926)	(92,590)	(1,021,516)
Net assets released from restrictions	<u>63,000</u>	<u>(63,000)</u>	<u>-</u>
Total nonoperating activities	<u>(740,297)</u>	<u>11,423,563</u>	<u>10,683,266</u>
Change in net assets	(1,659,593)	11,374,159	9,714,566
Net assets, beginning of year	<u>22,745,076</u>	<u>10,529,851</u>	<u>33,274,927</u>
Net assets, end of year	<u>\$ 21,085,483</u>	<u>\$ 21,904,010</u>	<u>\$ 42,989,493</u>

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

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

**Statement of Functional Expenses**

**Year Ended June 30, 2023  
(With Summarized Comparative Totals for 2022)**

	2023								2022
	Program Service				Support Services				
	Technical	Programming and Production	Public Information	Total	Development	Administration	Capital Campaign	Total	Total
Salaries and benefits	\$ 1,206,185	\$ 3,852,010	\$ 481,157	\$ 5,539,352	\$ 2,219,127	\$ 1,216,367	\$ 248,314	\$ 9,223,160	\$ 8,735,795
Programming	-	2,097,913	-	2,097,913	-	-	-	2,097,913	2,022,304
Professional services	374,518	451,535	23,200	849,253	128,667	219,472	70,844	1,268,236	1,340,924
Printing	-	1,205	44,563	45,768	370,716	3,110	4,469	424,063	313,377
Electricity	369,440	-	-	369,440	-	36,704	-	406,144	373,235
Maintenance	273,150	2,917	-	276,067	-	158,556	1,172	435,795	459,302
Postage	33	184	50,421	50,638	153,040	7,758	73	211,509	165,097
Travel and conference	41,284	44,846	7,175	93,305	28,567	29,924	8,237	160,033	117,201
Rent	307,788	6,539	-	314,327	-	114,600	2,083	431,010	391,087
Insurance	24,385	89,461	12,195	126,041	57,456	15,748	-	199,245	206,476
Telephone	71,277	18,380	-	89,657	17,504	131,289	1,293	239,743	244,451
Premiums	-	-	-	-	134,982	-	-	134,982	151,591
Miscellaneous	30	24,468	2,784	27,282	139,062	41,198	25,525	233,067	185,061
Office and technical supplies	30,678	36,778	19,623	87,079	7,986	11,574	376	107,015	109,984
Minor equipment	-	20,292	-	20,292	-	1,732	-	22,024	11,921
Computer services	77,796	1,656	-	79,452	-	-	-	79,452	76,077
Bank fees and discounts	-	-	-	-	228,717	9,796	(7,010)	231,503	217,883
Advertising	-	4,440	13,085	17,525	8,754	39,296	-	65,575	55,164
Special events	-	-	10,319	10,319	12,732	-	58,386	81,437	47,618
Professional dues	-	72,804	-	72,804	1,235	73,159	-	147,198	152,441
Strategic initiative/training	3,448	2,321	-	5,769	1,054	22,149	-	28,972	19,580
Video tape	-	713	-	713	-	-	-	713	740
Subscriptions	5,290	75,196	7,425	87,911	3,796	4,290	-	95,997	75,428
Other taxes	-	-	-	-	-	52,500	-	52,500	29,500
Subtotal	2,785,302	6,803,658	671,947	10,260,907	3,513,395	2,189,222	413,762	16,377,286	15,502,237
Depreciation	1,168,563	156,461	28,486	1,353,510	134,239	36,794	-	1,524,543	1,521,352
Totals	\$ 3,953,865	\$ 6,960,119	\$ 700,433	\$ 11,614,417	\$ 3,647,634	\$ 2,226,016	\$ 413,762	\$ 17,901,829	\$ 17,023,589

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



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

**Statement of Functional Expenses**

**Year Ended June 30, 2022**

	2022							
	Program Services				Support Services			
	Technical	Programming and Production	Public Information	Total	Development	Administration	Capital Campaign	Total
Salaries and benefits	\$ 1,122,575	\$ 3,686,998	\$ 395,481	\$ 5,205,054	\$ 2,102,756	\$ 1,125,801	\$ 302,184	\$ 8,735,795
Programming	-	2,022,304	-	2,022,304	-	-	-	2,022,304
Professional services	396,519	391,956	21,576	810,051	136,026	362,073	32,774	1,340,924
Printing	-	335	47,350	47,685	265,692	-	-	313,377
Electricity	333,334	-	-	333,334	-	34,488	5,413	373,235
Maintenance	309,334	1,902	-	311,236	-	139,344	8,722	459,302
Postage	95	-	45,689	45,784	113,412	5,789	112	165,097
Travel and conference	41,111	31,678	1,432	74,221	18,255	17,688	7,037	117,201
Rent	277,854	6,679	-	284,533	-	104,471	2,083	391,087
Insurance	20,929	82,099	11,416	114,444	49,992	16,648	25,392	206,476
Telephone	66,023	17,776	-	83,799	15,919	142,918	1,815	244,451
Premiums	-	-	-	-	151,591	-	-	151,591
Miscellaneous	50	14,636	450	15,136	122,289	43,059	4,577	185,061
Office and technical supplies	33,334	45,908	6,539	85,781	7,713	15,578	912	109,984
Minor equipment	-	7,714	-	7,714	-	4,207	-	11,921
Computer services	74,421	1,656	-	76,077	-	-	-	76,077
Bank fees and discounts	-	-	-	-	208,078	9,189	616	217,883
Advertising	-	-	11,148	11,148	5,940	38,076	-	55,164
Special events	-	-	5,357	5,357	15,312	-	26,949	47,618
Professional dues	-	65,980	-	65,980	944	85,517	-	152,441
Strategic initiative/training	5,000	1,720	-	6,720	45	12,815	-	19,580
Video tape	-	740	-	740	-	-	-	740
Subscriptions	3,564	61,795	444	65,803	4,766	4,429	430	75,428
Other taxes	-	-	-	-	-	29,500	-	29,500
Subtotal	2,684,143	6,441,876	546,882	9,672,901	3,218,730	2,191,590	419,016	15,502,237
Depreciation	<u>1,084,073</u>	<u>166,518</u>	<u>39,602</u>	<u>1,290,193</u>	<u>173,411</u>	<u>57,748</u>	<u>-</u>	<u>1,521,352</u>
Totals	<u>\$ 3,768,216</u>	<u>\$ 6,608,394</u>	<u>\$ 586,484</u>	<u>\$ 10,963,094</u>	<u>\$ 3,392,141</u>	<u>\$ 2,249,338</u>	<u>\$ 419,016</u>	<u>\$ 17,023,589</u>

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

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

**Statements of Cash Flows**

**Years Ended June 30, 2023 and 2022**

	<u><b>2023</b></u>	<u><b>2022</b></u>
Cash flows from operating activities		
Change in net assets	\$ 6,556,283	\$ 9,714,566
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,524,543	1,521,352
Loss on sale of building	-	1,063,240
Net (gain) loss on investments	(871,757)	1,019,224
Contributions restricted for long-term purposes	(1,088,417)	(11,704,782)
Right-of-use operating lease, net	18,874	-
(Increase) decrease in		
Accounts and grants receivable	64,888	(106,907)
Prepaid expenses	65,678	160,433
Unemployment compensation deposit	(6)	(6)
Increase (decrease) in		
Accounts payable	(111,092)	(247,134)
Accrued expenses and other	37,164	(37,486)
Accrued postretirement benefits	(7,600)	(7,600)
Net cash provided by operating activities	<u><b>6,188,558</b></u>	<u><b>1,374,900</b></u>
Cash flows from investing activities		
Purchase of property and equipment	(6,213,605)	(12,551,649)
Proceeds from sale of building	-	6,806,441
Change in assets whose use is limited	-	3,942,620
Proceeds from the sale of investments	718,898	6,971,347
Purchase of investments	(890,890)	(2,158,562)
Net cash (used) provided by investing activities	<u><b>(6,385,597)</b></u>	<u><b>3,010,197</b></u>
Cash flows from financing activities		
Contributions received restricted for long-term purposes	<u><b>2,158,197</b></u>	<u><b>7,481,544</b></u>
Net cash provided by financing activities	<u><b>2,158,197</b></u>	<u><b>7,481,544</b></u>
Net increase in cash and cash equivalents	<b>1,961,158</b>	<b>11,866,641</b>
Cash and cash equivalents, beginning of year	<u><b>19,564,222</b></u>	<u><b>7,697,581</b></u>
Cash and cash equivalents, end of year	<u><b>\$ 21,525,380</b></u>	<u><b>\$ 19,564,222</b></u>
Composition of cash and cash equivalents at end of year		
Cash and cash equivalents	\$ 2,819,226	\$ 3,261,384
Cash internally designated for capital purchases	358,967	357,468
Cash and cash equivalents restricted for capital purposes	<u><b>18,347,187</b></u>	<u><b>15,945,370</b></u>
	<u><b>\$ 21,525,380</b></u>	<u><b>\$ 19,564,222</b></u>
Supplemental disclosures of cash flow information		
Cash paid during the year for income taxes	<u><b>\$ 52,500</b></u>	<u><b>\$ 29,500</b></u>
Fixed asset additions in accounts payable	<u><b>\$ -</b></u>	<u><b>\$ 219,873</b></u>

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

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

**Notes to Financial Statements**

**June 30, 2023 and 2022**

**1. Summary of Significant Accounting Policies**

**Organization**

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

**Basis of Presentation**

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

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

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

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

**Estimates**

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

**Accounts and Grants Receivable**

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

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

**Notes to Financial Statements**

**June 30, 2023 and 2022**

**Pledges Receivable**

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Pledges receivable expected to be received after more than one year are discounted to the present value of their future cash flows using a risk adjusted rate of return after providing an allowance for uncollectible pledges. Charitable lead interest trusts are included in pledges receivable at the present value of future distributions.

**Property and Equipment**

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

**Recently Adopted Accounting Policy**

Effective July 1, 2022, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 842, *Leases* (Topic 842). The Organization determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. The Organization determines these assets are leased because the Organization has the right to obtain substantially all of the economic benefit from and the right to direct the use of the identified asset. Assets in which the supplier or lessor has the practical ability and right to substitute alternative assets for the identified asset and would benefit economically from the exercise of its right to substitute the asset are not considered to be or contain a lease because the Organization determines it does not have the right to control and direct the use of the identified asset. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating its contracts, the Organization separately identifies lease and non-lease components, such as common area and other maintenance costs, in calculating the right-of-use (ROU) assets and lease liabilities. The Organization has elected the practical expedient to not separate lease and non-lease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the non-lease agreement.

Leases result in the recognition of ROU assets and lease liabilities on the statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date. The Organization did not have any finance leases as of June 30, 2023. ROU assets for operating leases are included in other assets in the statement of financial position.

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At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. Topic 842 requires the use of the implicit rate in the lease when readily determinable. As most of the leases do not provide an implicit rate, the Organization uses risk-free interest rates based on the information available at the commencement date to determine the present value of lease payments. Risk-free rates were applied to leases based on the underlying lease term to calculate the undiscounted future payments over the term of the lease.

The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Operating lease expense is recognized on a straight-line basis over the lease term.

The Organization has elected not to record leases with an initial term of 12 months or less on the consolidated statement of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Upon adoption of Topic 842, the Organization elected the package of practical expedients permitted under the transition guidance within the new standard which includes the following: relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract.

The adoption of Topic 842 resulted in the recognition of the following asset and liability on July 1, 2022:

Operating lease right-of-use asset	\$ <u>1,821,971</u>
Current portion of operating lease liability	\$ 335,268
Operating lease liability, net of current portion	<u>1,486,703</u>
Total lease liability	\$ <u>1,821,971</u>

**Donated Assets**

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

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Such donations are reported as contributions without donor restrictions, unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. In the absence of donor stipulations regarding how long the contributed assets must be used, Maine Public reports expirations of donor restrictions when the donated or acquired assets are placed in service.

**Contributions**

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

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

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

**Investments**

Investments are carried at fair value, and realized and unrealized gains and losses are reflected in the statements of activities.

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

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

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

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

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

*Time Horizon:* Long-term.

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

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

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

**Operating and Nonoperating Activities**

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

**Functional Allocation of Expenses**

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

**Income Taxes**

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

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**Cash and Cash Equivalents**

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

**2. Cash and Cash Equivalents**

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

**3. Pledges Receivable**

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

	<u>2023</u>	<u>2022</u>
General	\$ 4,118	\$ 33,867
Capital campaign	4,418,115	5,390,723
Charitable lead interest trust	<u>5,000</u>	<u>67,000</u>
	4,427,233	5,491,590
Less discount of 3.0% for June 30, 2023 and 2022	<u>(245,805)</u>	<u>(240,382)</u>
Total unconditional promises to give	<u>\$ 4,181,428</u>	<u>\$ 5,251,208</u>
	<u>2023</u>	<u>2022</u>
Amount due in:		
Less than one year	\$ 1,775,849	\$ 2,162,051
One to five years	<u>2,651,384</u>	<u>3,329,539</u>
	<u>\$ 4,427,233</u>	<u>\$ 5,491,590</u>

**4. Endowment**

Maine Public's Board of Trustees has interpreted state law as requiring the preservation of the original gifts to donor-restricted endowment funds as net assets with donor restrictions of perpetual duration. Accordingly, except for explicit donor stipulations specifying reinvestment of some or all of income and appreciation, amounts not considered of perpetual duration are classified as net assets with donor restrictions until appropriated for expenditure. Maine Public elected not to spend from the endowment during the years ended June 30, 2023 and 2022.



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Endowment net asset composition by type of fund as of June 30, 2023 is as follows:

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
Donor-restricted endowment funds	\$ -	\$ 859,143	\$ 859,143
Board designated endowment funds	<u>8,394,660</u>	<u>-</u>	<u>8,394,660</u>
Total funds	<u><b>\$ 8,394,660</b></u>	<u><b>\$ 859,143</b></u>	<u><b>\$ 9,253,803</b></u>

Endowment net asset composition by type of fund as of June 30, 2022 is as follows:

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
Donor-restricted endowment funds	\$ -	\$ 770,539	\$ 770,539
Board designated endowment funds	<u>7,450,632</u>	<u>-</u>	<u>7,450,632</u>
Total funds	<u><b>\$ 7,450,632</b></u>	<u><b>\$ 770,539</b></u>	<u><b>\$ 8,221,171</b></u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or relevant state law requires Maine Public to retain as a fund of perpetual duration. Maine Public 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 and regulations. There were no deficiencies of this nature as of June 30, 2023 and 2022.

Changes in endowment net assets for the year ended June 30, 2023 are as follows:

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
Beginning of year	\$ 7,450,632	\$ 770,539	\$ 8,221,171
Investment return			
Interest and dividends	132,761	13,543	146,304
Net appreciation in fair value of investments	658,337	67,135	725,472
Contributions	<u>152,930</u>	<u>7,926</u>	<u>160,856</u>
End of year	<u><b>\$ 8,394,660</b></u>	<u><b>\$ 859,143</b></u>	<u><b>\$ 9,253,803</b></u>

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Changes in endowment net assets for the year ended June 30, 2022 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Beginning of year	\$ 8,255,452	\$ 814,106	\$ 9,069,558
Investment return			
Interest and dividends	113,284	11,523	124,807
Net depreciation in fair value of investments	(1,053,733)	(92,590)	(1,146,323)
Contributions	<u>135,629</u>	<u>37,500</u>	<u>173,129</u>
End of year	<u>\$ 7,450,632</u>	<u>\$ 770,539</u>	<u>\$ 8,221,171</u>

**5. Liquidity and Availability of Financial Assets**

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

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

As of June 30, 2023, Maine Public has working capital of \$4,875,684 and average days (based on normal expenditures) of cash and cash equivalents without designation or restriction on hand of 63 days.

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

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 2,819,226	\$ 3,261,384
Accounts and grants receivable	1,409,993	1,474,881
Operating pledges receivable within one year	8,515	328,236
Investments	<u>9,780,518</u>	<u>8,736,769</u>
	<u>14,018,252</u>	13,801,270
Less: investments – with donor restrictions	(859,143)	(770,539)
Less: investments – without donor restrictions	<u>(8,394,660)</u>	<u>(7,450,632)</u>
	<u>\$ 4,764,449</u>	<u>\$ 5,580,099</u>

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

Maine Public's goal is generally to maintain financial assets to meet three months of operating expenses (approximately \$3.8 million).

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

**6. Lines of Credit**

Maine Public has available two unsecured lines of credit, for \$500,000 and \$1,300,000, with variable interest rates. There were no outstanding balances on the lines of credit at June 30, 2023 and 2022. The lines of credit expire in February and March 2024, respectively, and are subject to review at that time.

**7. Postretirement Benefits**

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

In 1997, Maine Public offered to continue special benefits to its employees who elected voluntary retirement from employment by a specified period of time and notified Maine Public by October 30, 1997. Because a significant reduction in future years of service to fill eligibility of active participants has occurred, the offer of special termination benefits resulted in a plan curtailment. The accumulated postretirement benefit obligation at June 30, 2023 and 2022 was \$25,664 and \$33,264, respectively.

**8. Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, Maine Public uses various methods, including market, income and cost approaches. Based on these approaches, Maine Public often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market

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corroborated, or generally unobservable inputs. Maine Public utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, Maine Public is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1 – Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
- Level 2 – Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.
- Level 3 – Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair values requires significant management judgment or estimation.

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

<b>June 30, 2023</b>	<b><u>Total</u></b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>
Cash and money market accounts	\$ 947,988	\$ 947,988	\$ -	\$ -
U.S. government agency obligations	2,199,349	-	2,199,349	-
Corporate bonds	552,761	-	552,761	-
Other	111,931	-	111,931	-
Mutual funds – fixed income	11,120	11,120	-	-
Mutual funds – equity securities	<u>5,957,369</u>	<u>5,957,369</u>	-	-
Total	<u>\$ 9,780,518</u>	<u>\$ 6,916,477</u>	<u>\$ 2,864,041</u>	<u>\$ -</u>
<b>June 30, 2022</b>	<b><u>Total</u></b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>
Cash and money market accounts	\$ 680,757	\$ 680,757	\$ -	\$ -
U.S. government agency obligations	1,690,172	-	1,690,172	-
Corporate bonds	707,885	-	707,885	-
Other	118,942	-	118,942	-
Mutual funds – fixed income	357,562	357,562	-	-
Mutual funds – equity securities	<u>5,181,451</u>	<u>5,181,451</u>	-	-
Total	<u>\$ 8,736,769</u>	<u>\$ 6,219,770</u>	<u>\$ 2,516,999</u>	<u>\$ -</u>

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

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**9. Retirement Plan**

Employees participate in a retirement plan under Section 403(b) of the Internal Revenue Code through the Teachers Insurance and Annuity Association of America and College Retirement Equities Fund. Contributions are made both by the participant and Maine Public. Maine Public contributes between 3% and 6.5% of an employee's salary on a graduated rate based upon an employee's contribution. Maine Public's contributions were approximately \$435,500 and \$398,000 in 2023 and 2022, respectively.

**10. Health Insurance Plan**

Maine Public's health plan is a self-insured vehicle with a stop-loss component. Claims are handled through an independent third party benefits administrator. In the fiscal years 2023 and 2022, Maine Public's reinsurance policy provided payment for per person annual claim costs in excess of \$55,000. Total net cost for claims, administration, and stop loss insurance totaled approximately \$1,155,000 and \$1,051,000 for the years ended 2023 and 2022, respectively. The statements of financial position includes \$223,905 and \$137,884 of accrued medical claims as of June 30, 2023 and 2022, respectively.

**11. Related Party**

Maine Public purchases various products and services from a related party, the University of Maine System (UMS). Maine Public was affiliated with UMS before incorporating in July 1992. Since then, UMS has maintained a position on Maine Public's Board of Trustees. The amount paid to UMS totaled approximately \$120,530 and \$89,330 during the years ended 2023 and 2022, respectively. The purchases included fuel, printing and telecommunication services.

**12. Net Assets with Donor Restrictions**

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

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
General	\$ 18,353	\$ 66,922
Capital campaigns - for property and equipment	<u>21,046,937</u>	<u>21,011,072</u>
	<u>21,065,290</u>	<u>21,077,994</u>
Subject to the passage of time:		
Charitable lead interest trust	9,000	67,000
Endowment gains	<u>391,637</u>	<u>310,959</u>
	<u>400,637</u>	<u>377,959</u>
Endowment funds invested in perpetuity for which income is without donor restrictions to be used for operations	<u>455,983</u>	<u>448,057</u>
Total net assets with donor restrictions	<u>\$ 21,921,910</u>	<u>\$ 21,904,010</u>

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**13. Contingencies**

Maine Public receives funding in the form of grants from the Corporation for Public Broadcasting which is a private, nonprofit corporation, the National Telecommunications and Information Administration, and other federal agencies. The grants are governed by various rules and regulations and are subject to audit and adjustment by the grantors. Therefore, to the extent that Maine Public has not complied with the rules and regulations governing the grants, repayments may be required. In the opinion of Maine Public, there are no significant uncertainties relating to compliance with the rules and regulations governing these grants. Therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**14. Commitments**

During the year ended June 30, 2021, the Maine Public started a capital campaign to raise funds for a new facility for its Southern Maine location. During the year ended June 30, 2022, Maine Public purchased a building and a parking lot for the new facility. Subsequently, Maine Public sold the building, which resulted in a loss of approximately \$1 million, which is included in the statement of activities for the year ended June 30, 2022. The total cost of the construction of the new facility approximates \$39 million, which will be funded primarily by contributions from the capital campaign. To date, Maine Public has incurred approximately \$2.2 million in architectural and project management costs.

**15. Operating Leases**

Maine Public leases towers and copier machines under noncancelable operating leases expiring in various dates through 2036 subject to Topic 842. The monthly lease payments range from \$157 to \$8,322 through the end of the lease terms. Some leases do not require monthly payments and are paid quarterly. The following table presents the right-of-use asset and lease liability as of June 30, 2023:

Assets	
Right-of-use operating lease asset	\$ 1,467,829
	<u>\$ 1,467,829</u>
Liabilities	
Current portion of operating lease liability	\$ 367,267
Operating lease liability, net of current portion	<u>1,119,436</u>
	<u>\$ 1,486,703</u>
Weighted-average discount rate	4.8 %
Weighted-average remaining lease term	8.3

Expense under the operating lease was \$201,950 for the year ended June 30, 2023

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The maturity analysis of the annual undiscounted cash flows reconciled to the carrying value of the operating lease liability are as follows for the years ended June 30:

2024	\$ 422,613
2025	200,373
2026	195,740
2027	180,716
2028	171,670
Thereafter	557,842
	<u>1,728,954</u>
Less present value discount	(242,251)
	<u>\$ 1,486,703</u>

**16. Subsequent Events**

Management has evaluated subsequent events through January 11, 2024, the date which the financial statements were available to be issued, and has not evaluated subsequent events after that date.