

NEW ENGLAND PUBLIC MEDIA, INC.
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022



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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, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows 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, 2023 and 2022, 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
November 27, 2023

NEW ENGLAND PUBLIC MEDIA, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 185,583	\$ 455,190
Accounts Receivable	351,049	1,550,614
CSG Receivable	-	244,401
Grants Receivable	79,400	50,000
Current Portion of Pledges Receivable, Net	3,059,400	104,784
Prepaid Expenses and Other Assets	<u>26,439</u>	<u>28,789</u>
Total Current Assets	3,701,871	2,433,778
Long-Term Pledges Receivable, Net	106,530	162,172
Radio Licenses	2,780,000	2,780,000
Other Assets	20,928	18,906
Long-Term Investments	1,807,209	1,748,879
Asset Held for Sale	-	850,000
Property, Facilities, and Equipment, Net	5,510,454	3,690,721
Right-of-Use Asset	<u>1,280,162</u>	<u>1,106,153</u>
Total Assets	<u><u>\$ 15,207,154</u></u>	<u><u>\$ 12,790,609</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Maturities of Debt	\$ 1,061,234	\$ 1,056,842
Accounts Payable	2,118,415	77,838
Accrued Expenses	1,278,395	1,709,796
Deferred Revenue and Other Liabilities	89,877	143,949
Lease Liabilities	<u>62,128</u>	<u>54,404</u>
Total Current Liabilities	4,610,049	3,042,829
Long-Term Debt, Net	366,142	424,241
Long-Term Lease Liabilities	<u>1,250,053</u>	<u>1,065,310</u>
Total Liabilities	6,226,244	4,532,380
NET ASSETS		
Without Donor Restrictions	5,074,225	7,413,417
With Donor Restrictions	<u>3,906,685</u>	<u>844,812</u>
Total Net Assets	<u><u>8,980,910</u></u>	<u><u>8,258,229</u></u>
Total Liabilities and Net Assets	<u><u>\$ 15,207,154</u></u>	<u><u>\$ 12,790,609</u></u>

See accompanying Notes to Consolidated Financial Statements.

NEW ENGLAND PUBLIC MEDIA, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE			
Underwriting	\$ 1,643,701	\$ -	\$ 1,643,701
Viewer and Listener Support	3,976,148	-	3,976,148
Grants and Contributions	148,304	381,080	529,384
Community Service Grants from Corporation for Public Broadcasting	206,524	-	206,524
Other Services Revenue	128,858	-	128,858
Planned Giving	-	3,000,000	3,000,000
Change in Value of Split Interest Agreements	-	2,022	2,022
Contributed Nonfinancial Assets	518,633	-	518,633
Miscellaneous Income	260,716	-	260,716
Total Operating Revenue	6,882,884	3,383,102	10,265,986
Net Assets Released from Restrictions	344,320	(344,320)	-
Total Operating Revenue and Other Support	7,227,204	3,038,782	10,265,986
OPERATING EXPENSES			
Program Services:			
Programming and Production	3,803,519	-	3,803,519
Broadcasting	2,893,863	-	2,893,863
Public Information, Guides, and Educational Material	645,344	-	645,344
Total Program Services	7,342,726	-	7,342,726
Supporting Services:			
Fundraising and Development	1,839,013	-	1,839,013
Underwriting	573,814	-	573,814
General and Administrative	2,689,779	-	2,689,779
Total Supporting Services	5,102,606	-	5,102,606
Total Operating Expenses	12,445,332	-	12,445,332
(Deficit) Surplus of Operating Revenue and Other Support Over Operating Expenses	(5,218,128)	3,038,782	(2,179,346)
NONOPERATING GAINS (LOSSES)			
Unrealized Gains on Investments	77,350	14,990	92,340
Realized (Losses) Gains on Investments	(165)	321	156
Investment Income, Net	30,260	7,780	38,040
Gain (Loss) on Disposal of Assets	(203,426)	-	(203,426)
Nonoperating (Losses) Gains, Net	(95,981)	23,091	(72,890)
Change in Net Assets Before Net Asset Transfers	(5,314,109)	3,061,873	(2,252,236)
Net Asset Transfers from WGBH Educational Foundation	2,974,917	-	2,974,917
CHANGE IN NET ASSETS	(2,339,192)	3,061,873	722,681
Net Assets - Beginning of Year	7,413,417	844,812	8,258,229
NET ASSETS - END OF YEAR	<u>\$ 5,074,225</u>	<u>\$ 3,906,685</u>	<u>\$ 8,980,910</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	With Donor Restrictions	Total
OPERATING REVENUE			
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	31,639	-	31,639
Planned Giving	58,661	24,693	83,354
Change in Value of Split Interest Agreements	-	(5,786)	(5,786)
Contributed Nonfinancial Assets	513,954	-	513,954
Miscellaneous Income	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
OPERATING EXPENSES			
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)
NONOPERATING GAINS (LOSSES)			
Unrealized Gains on Investments	(322,684)	(38,347)	(361,031)
Realized Gains (Loss) on Investments	119,872	348	120,220
Investment Income, Net	37,967	1,017	38,984
Loss on Impairment	(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
CHANGE IN NET ASSETS	(1,510,229)	134,724	(1,375,505)
Net Assets - Beginning of Year	8,923,646	710,088	9,633,734
NET ASSETS - END OF YEAR	<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 FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services				Support Services				Total Operating Expenses
	Programming and Production	Broadcasting	Public Information, Guides, and Educational Material	Total Program Services	Fundraising and Development	Underwriting	General and Administrative	Total Supporting Services	
OPERATING EXPENSES									
Salaries and Wages	\$ 2,093,324	\$ 728,255	\$ 440,250	\$ 3,261,829	\$ 722,568	\$ 339,446	\$ 1,611,653	\$ 2,673,667	\$ 5,935,496
Retirement Plan Contributions	21,169	7,364	4,452	32,985	7,307	3,433	16,298	27,038	60,023
Other Employee Benefits	191,377	66,579	40,249	298,205	66,059	31,033	147,341	244,433	542,638
Payroll Taxes	88,165	30,672	18,542	137,379	30,432	14,296	67,878	112,606	249,985
Legal Fees	-	890	-	890	1,112	-	77,206	78,318	79,208
Accounting Fees	-	-	-	-	-	-	35,739	35,739	35,739
Consulting and Advisory Services	27,856	6,081	48,510	82,447	501,327	-	138,996	640,323	722,770
Marketing and Promotions	6,188	866	8,224	15,278	152,464	90	1,394	153,948	169,226
Information Technology	4,356	458,455	9,016	471,827	26,581	5,862	55,995	88,438	560,265
Occupancy	105,220	536,010	27,972	669,202	25,599	11,655	158,741	195,995	865,197
Travel	9,426	4,182	-	13,608	1,152	3,955	7,488	12,595	26,203
Interest	-	11,808	-	11,808	-	-	45,166	45,166	56,974
Depreciation and Amortization	8,076	167,545	-	175,621	-	-	77,211	77,211	252,832
Equipment Expense	9,617	2,008	159	11,784	7,196	-	-	7,196	18,980
Insurance	2,310	-	-	2,310	-	-	48,450	48,450	50,760
Digital Services	330	2,267	15,097	17,694	-	172	82	254	17,948
Rights and Licenses	-	-	-	-	-	-	-	-	-
Production and Acquisitions	996,483	847,741	12	1,844,236	125,300	28	108,289	233,617	2,077,853
In-Kind	222,768	14,457	27,321	264,546	83,447	129,342	41,298	254,087	518,633
Bad Debt	-	-	-	-	(8,008)	29,141	(44,831)	(23,698)	(23,698)
Miscellaneous	16,854	8,683	5,540	31,077	96,477	5,361	95,385	197,223	228,300
Total Operating Expenses	\$ 3,803,519	\$ 2,893,863	\$ 645,344	\$ 7,342,726	\$ 1,839,013	\$ 573,814	\$ 2,689,779	\$ 5,102,606	\$ 12,445,332

See accompanying Notes to Consolidated Financial Statements.

NEW ENGLAND PUBLIC MEDIA, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 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 STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ 722,681	\$ (1,375,505)
Adjustments to Reconcile Increase (Decrease) in Net Assets to		
Net Cash Provided by Operating Activities:		
Unrealized Gains/(Losses) on Investments and Split Interest		
Agreements	(94,362)	361,031
Realized Gains on Investments	(156)	(120,220)
Depreciation and Amortization	252,832	331,210
Gain on Disposal of Assets	203,426	(9,500)
Loss on Impairment	-	607,806
Gain on PPP Loan	-	(683,233)
Amortization of Right-of-Use Assets	75,457	76,256
Contributions of Securities	6,588	(152,003)
Proceeds from Sale of Contributed Securities	(6,455)	166,207
Bad Debt Expense	(23,698)	51,337
Changes in Operating Assets and Liabilities:		
Accounts Receivable	1,215,255	995,440
Grants Receivable	(29,400)	170,045
Pledges Receivable	(2,890,966)	110,124
Prepaid Expenses and Other Assets	2,350	(38,447)
CSG Receivable	244,401	53,604
Accounts Payable	2,040,577	(120,686)
Accrued Expenses	(459,482)	76,278
Deferred Revenue and Other Liabilities	(54,072)	(39,707)
Lease Liabilities	20,911	(56,797)
Right-of-Use Asset	3,919	-
Net Cash Provided by Operating Activities	<u>1,229,807</u>	<u>403,240</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property, Facilities, and Equipment	(2,239,220)	(1,701,032)
Purchases of Investments	(38,044)	(514,328)
Proceeds from Disposal of Long-Term Assets	841,309	-
Proceeds from Sales of Investments	72,077	237,302
Net Cash Used by Investing Activities	<u>(1,363,878)</u>	<u>(1,978,058)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Line of Credit Advances	17,093,263	1,350,000
Line of Credit Payments	(17,090,129)	(350,000)
Debt Principal Payments	(56,841)	(55,589)
Finance Lease Principal Payments	(81,829)	(10,175)
Net Cash Provided (Used) by Financing Activities	<u>(135,536)</u>	<u>934,236</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(269,607)</u>	<u>(640,582)</u>
Cash and Cash Equivalents - Beginning of Year	<u>455,190</u>	<u>1,095,772</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 185,583</u></u>	<u><u>\$ 455,190</u></u>

See accompanying Notes to Consolidated Financial Statements.

NEW ENGLAND PUBLIC MEDIA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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.

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, 2023 AND 2022

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.

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, 2023 and 2022, local corporate underwriting revenue was \$1,644,000 and \$1,625,000.

NEW ENGLAND PUBLIC MEDIA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

- 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.
- 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 primarily 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.

NEW ENGLAND PUBLIC MEDIA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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*.

Cash

The Organization maintains its cash balance with two institutions and was approximately \$186,000 and \$455,000 at June 30, 2023 and 2022, 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, 2023 and 2022; 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, 2022. 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.

NEW ENGLAND PUBLIC MEDIA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

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.

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, 2023 and 2022, 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, 2023 and 2022.

NEW ENGLAND PUBLIC MEDIA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

On May 16, 2023, the building was sold for \$850,000. The organization recognized closing costs of \$9,000 and was recorded in losses on disposal of assets in the consolidated statement of activities in the year ended June 30, 2023

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, 2023 and 2022, 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.

NEW ENGLAND PUBLIC MEDIA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$1,160,000 and \$1,153,000 for the years ended June 30, 2023 and 2022, 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 \$1,802,000 and \$2,230,000, respectively, for the years ended June 30, 2023 and 2022, included in net assets transfers from GBH in the consolidated statements of activities. NEPM reimbursed GBH \$0 and \$222,000 for employee salary costs as of June 30, 2023 and 2022, respectively. NEPM has recorded in accounts receivable net amounts due to GBH totaling \$1,351,000 and \$1,123,000 at June 30, 2023 and 2022, 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.

NOTE 2 PLEDGES RECEIVABLE

Pledges receivable at June 30 were comprised of the following:

	2023	2022
In Less Than One Year	\$ 3,065,387	\$ 118,779
Allowance for Unfulfilled Pledges	(5,987)	(13,995)
Pledges Receivable, Net	3,059,400	104,784
Between One Year and Five Years	116,400	176,266
Less: Present Value Discount	(9,870)	(14,094)
Long-Term Pledges Receivable, Net	106,530	162,172
Total Pledges	<u>\$ 3,165,930</u>	<u>\$ 266,956</u>

NEW ENGLAND PUBLIC MEDIA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 INVESTMENTS

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

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Domestic Equities				
Foundation	\$ 1,889,754	\$ 1,807,209	\$ 1,923,464	\$ 1,748,879
Total Investments	<u>\$ 1,889,754</u>	<u>\$ 1,807,209</u>	<u>\$ 1,923,464</u>	<u>\$ 1,748,879</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).

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.

NEW ENGLAND PUBLIC MEDIA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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

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:

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.

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.

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.

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:

		2023		
		Quoted Prices (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs and/or Restrictions (Level 3)
				Total
Domestic Equities		\$ 1,807,209	\$ -	\$ -
Total Investments		\$ 1,807,209	\$ -	\$ -

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

NEW ENGLAND PUBLIC MEDIA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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

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 Organizations portfolio consists of Level 1 assets for the year ended June 30, 2023 and 2022, respectively.

NOTE 5 PROPERTY, FACILITIES, AND EQUIPMENT

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

	Useful Life	2023	2022
Land and Land Improvements		\$ 233,222	\$ 233,222
Building and Improvements	3 to 40 Years	2,337,225	2,090,757
Broadcast, Video, and Film Equipment	3 to 20 Years	4,616,908	3,550,336
Office Equipment, Furniture, and Fixtures	3 to 25 Years	741,025	773,875
Computers and Peripherals	3 to 10 Years	-	1,079
Fixed Assets Not Yet Placed Into Service		308,973	2,149,683
Subtotal		8,237,353	8,798,952
Less: Accumulated Depreciation		(2,726,899)	(5,108,232)
Property, Facilities, and Equipment, Net		<u>\$ 5,510,454</u>	<u>\$ 3,690,720</u>

Assets totaling \$2,829,000 and \$8,845 were disposed of during the years ended June 30, 2023 and 2022, respectively. A loss on disposal of \$203,000 and gain on disposal of \$9,000 was recorded during the years ended June 30, 2023 and 2022, respectively.

Depreciation expense related to property, facilities, and equipment was \$253,000 and \$331,000 for the years ended June 30, 2023 and 2022, 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.

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.

NEW ENGLAND PUBLIC MEDIA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 6 DEBT (CONTINUED)

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	2023	2022
NEPM Bank of America Term Loan, Due 2030	\$ 600,000	\$ 424,241	\$ 481,083
NEPM Bank of America Line of Credit, Due 2024	8,000,000	1,003,135	1,000,000
Total	<u>\$ 8,600,000</u>	1,427,376	1,481,083
Less: Current Maturities		1,061,234	1,056,842
Long-Term Debt, Net		<u>\$ 366,142</u>	<u>\$ 424,241</u>

The scheduled principal payments are shown in the table below:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 1,061,234
2025	59,432
2026	60,771
2027	62,141
2028	63,532
Thereafter	120,266
Total Principal Payments	<u>\$ 1,427,376</u>

Total interest expense was \$45,000 and \$13,000, respectively, for the years ended June 30, 2023 and 2022 and is included in general and administrative expenses on the consolidated statements of activities.

Line of Credit

On May 11, 2023, NEPM entered into a revolving credit agreement in conjunction with GBH. Under this agreement, NEPM has access to a line of credit of \$8,000,000. Borrowings under the agreement are made at the Bloomberg Short-Term Bank Yield Index (BSBY) Daily Floating Rate Loan. Interest on the outstanding principal will accrue at a rate equal to the SBY Daily Floating Rate plus 0.60%. There was \$1,350,000 withdrawn in fiscal year 2022 of which \$350,000 was repaid as of June 30, 2022. There was \$1,003,000 outstanding for NEPM on June 30, 2023, and \$1,000,000 amount as of June 30, 2022.

NEW ENGLAND PUBLIC MEDIA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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, 2023 are as follows:

	Finance Lease	Operating Lease
Right-of-Use Assets - Leases	\$ 491,491	\$ 1,027,082
Accumulated Amortization	(40,627)	(197,784)
Right-of-Use Assets - Leases, Net	<u>\$ 450,864</u>	<u>\$ 829,298</u>
Current Portion of Right-of-Use Obligations	\$ 11,466	\$ 50,662
Long-Term Right-o- Use Obligations, Excluding Current Portion	463,195	786,858
Total Lease Liabilities	<u>\$ 474,661</u>	<u>\$ 837,520</u>
Weighted Average Remaining Lease Term Years	17.9	37.0
Weighted Average Discount Rate	1.05%	1.31%

NEW ENGLAND PUBLIC MEDIA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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

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

	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	<u>250,644</u>	<u>814,666</u>
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%

Future maturities of lease liabilities as June 30, 2023 are as follows:

Year Ending June 30,	Finance Lease	Operating Lease
2024	\$ 23,021	\$ 61,376
2025	23,942	53,981
2026	24,900	53,120
2027	25,896	49,929
2028	26,932	45,351
Thereafter	<u>483,622</u>	<u>814,176</u>
Total Lease Payments	608,313	1,077,933
Less: Imputed Interest	<u>(133,652)</u>	<u>(240,413)</u>
Total Lease Payments	<u>\$ 474,661</u>	<u>\$ 837,520</u>

The components of lease expense for the years ended June 30, 2023 and 2022 are as follows:

	12 Months Ended June 30, 2023	12 Months Ended June 30, 2022
Operating Lease Cost	\$ 57,043	\$ 74,756
Variable and Short Term Lease Cost (a)	<u>130,669</u>	<u>129,914</u>
Total Lease and Rental Expense	<u>\$ 187,712</u>	<u>\$ 204,670</u>

NEW ENGLAND PUBLIC MEDIA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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

	12 Months Ended June 30, 2023	12 Months Ended June 30, 2022
Finance Lease Cost		
Depreciation of Property Under Finance Lease	\$ 24,482	\$ 12,081
Interest on Debt of Property Under Finance Lease	11,808	4,810
Total Finance Lease Cost	<u>\$ 36,290</u>	<u>\$ 16,891</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, 2023	12 Months Ended June 30, 2022
Operating Cash Flows from Operating Leases	\$ 59,693	\$ 71,215
Operating Cash Flows from Finance Leases	11,808	4,810
Financing Cash Flows from Finance Leases	(22,136)	(10,175)
Total Cash Flows from Leases	<u>\$ 49,365</u>	<u>\$ 65,850</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 \$60,000 and \$62,000 for the year ended June 30, 2023, and 2022, respectively. The Organization has no liability for benefits at June 30, 2023 and 2022. The Organization matched 80% of qualified employee salary deferrals for the largest plan for the years ended June 30, 2023, and 2022. These amounts are included within accrued expenses on the consolidated statement of financial position.

NEW ENGLAND PUBLIC MEDIA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 9 COMPONENTS OF NET ASSETS

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

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Undesignated	\$ 3,577,146	\$ -	\$ 3,577,146
Board-Designated Endowment	1,497,079	-	1,497,079
Grants for Future Programming	-	280,844	280,844
Capital Campaign and Other	-	3,326,991	3,326,991
Investments Held in Perpetuity	-	197,891	197,891
Appreciation of Investments Not Yet Released Into Operations	-	100,959	100,959
Total	<u>\$ 5,074,225</u>	<u>\$ 3,906,685</u>	<u>\$ 8,980,910</u>

	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>

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.

NEW ENGLAND PUBLIC MEDIA, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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, 2021	\$ 1,529,309	\$ 312,742	\$ 1,842,051
Investment Return:			
Investment Income	36,724	1,017	37,741
Net Depreciation (Realized and Unrealized)	<u>(229,736)</u>	<u>(37,999)</u>	<u>(267,735)</u>
Total Investment Loss	(193,012)	(36,982)	(229,994)
Contribution	180,096	-	180,096
Appropriation of Endowment Assets	<u>(57,212)</u>	<u>-</u>	<u>(57,212)</u>
Endowment Net Assets at June 30, 2022	1,459,181	275,760	1,734,941
Investment Return:			
Investment Income	32,625	7,780	40,405
Net Appreciation (Realized and Unrealized)	<u>77,350</u>	<u>15,310</u>	<u>92,660</u>
Total Investment Gains	109,975	23,090	133,065
Contribution	-	-	-
Appropriation of Endowment Assets	<u>(72,077)</u>	<u>-</u>	<u>(72,077)</u>
Endowment Net Assets at June 30, 2023	<u>\$ 1,497,079</u>	<u>\$ 298,850</u>	<u>\$ 1,795,929</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, 2023:

	<u>2023</u>	<u>2022</u>
Financial Assets:		
Cash	\$ 185,583	\$ 455,190
Accounts Receivable	293,871	270,484
Pledges Receivable Available for Operations	65,387	118,779
Assets Held for Sale	-	850,000
Financial Assets Available Within One Year	<u>544,841</u>	<u>1,694,453</u>
Liquidity Resources:		
Bank Lines and Letter of Credit		
(Undrawn)	<u>6,996,865</u>	<u>500,000</u>
Financial Assets and Liquidity Resources		
Available Within One Year	<u><u>\$ 7,541,706</u></u>	<u><u>\$ 2,194,453</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:

<u>Year Ending June 30.</u>	<u>Amount</u>
2024	\$ 120,000
2025	120,000
2026	135,000
2027	180,000
2028	180,000
Thereafter	1,395,000
Total Principle Payments	<u><u>\$ 2,130,000</u></u>

Rental income for building leases amounted to \$120,000 for the years ended June 30, 2023 and 2022, 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 2023 and 2022. 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 \$375,000 and \$364,000 for the years ended June 30, 2023 and June 30, 2022, respectively. Additionally, a total of \$144,000 and \$150,000 in contributed non-financial services were received for the year ended June 30, 2023, and June 30, 2022, 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 November 27, 2023, the date the consolidated financial statements were issued.