

Vermont Public Co.

Financial Statements
June 30, 2023 and 2022

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Independent Auditor's Report

To the Board of Directors
Vermont Public Co.

Opinion

We have audited the financial statements of Vermont Public Co. (a nonprofit corporation), which comprise the statements of financial position as of June 30, 2023 and 2022, 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 accompanying financial statements present fairly, in all material respects, the financial position of Vermont Public Co. as of June 30, 2023 and 2022, and the changes in its net assets, its functional expenses, and its 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Vermont Public Co. 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 2 to the financial statements, the Company adopted new accounting guidance, Accounting Standards Codification 842, *Leases*, effective July 1, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Vermont Public Co.'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 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 Vermont Public Co.'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 Vermont Public Co.'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.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Gallagher, Flynn & Company, LLP

South Burlington, Vermont
December 13, 2023

Vermont Public Co.

**Statements of Financial Position
June 30, 2023 and 2022**

	2023	2022
Assets		
Current assets:		
Cash	\$ 1,107,512	\$ 2,981,653
Accounts receivable	142,791	95,061
Underwriting receivable	527,395	424,002
Pledges receivable	373,156	271,718
Grant receivable	25,000	48,932
Prepaid expenses and other	402,649	293,924
Investments available for operations	3,540,000	2,550,000
Total current assets	6,118,503	6,665,290
Property and equipment	16,549,095	17,713,545
Beneficial interests in trusts	1,452,543	1,443,897
Intangible assets	3,364,603	3,272,176
Operating right-of-use assets	5,497,517	-
Long-term investments	56,144,388	55,123,121
Total assets	\$ 89,126,649	\$ 84,218,029
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 330,544	\$ 356,050
Current portion of accrued expenses	790,675	1,044,571
Current portion of deferred revenue	193,844	223,501
Current maturities of operating lease liabilities	326,242	-
Total current liabilities	1,641,305	1,624,122
Deferred revenue, less current portion	61,250	96,250
Accrued expenses, less current portion	563,284	1,123,309
Operating lease liabilities, less current maturities	5,697,595	-
Total liabilities	7,963,434	2,843,681
Net assets:		
Without donor restrictions	67,890,798	68,484,798
With donor restrictions	13,272,417	12,889,550
Total net assets	81,163,215	81,374,348
Total liabilities and net assets	\$ 89,126,649	\$ 84,218,029

The accompanying notes are an integral part of these statements.

Vermont Public Co.

**Statement of Activities
Year Ended June 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenue and reclassifications:			
Support:			
Membership contributions	\$ 7,777,103	\$ 251,312	\$ 8,028,415
Program grants	-	1,807,222	1,807,222
Bequests	170,465	338,365	508,830
Television underwriting	-	610,928	610,928
Program service revenue:			
License and lease revenue	1,358,924	-	1,358,924
Radio underwriting	3,307,608	-	3,307,608
Investment return allocated to support operations	2,848,412	484,699	3,333,111
Other	83,026	-	83,026
Reclassifications of net assets released from restriction	3,577,073	(3,577,073)	-
Total support, revenue and reclassifications	19,122,611	(84,547)	19,038,064
Expenses:			
Program services:			
Content	4,777,235	-	4,777,235
Audience and community	5,153,820	-	5,153,820
Engineering	5,326,462	-	5,326,462
Total program services	15,257,517	-	15,257,517
Supporting services:			
Administration	2,910,489	-	2,910,489
Member services	1,008,609	-	1,008,609
Financial development	2,052,229	-	2,052,229
Total supporting services	5,971,327	-	5,971,327
Total expenses	21,228,844	-	21,228,844
Loss from operations	(2,106,233)	(84,547)	(2,190,780)
Nonoperating income:			
Gain on investments, net of amounts allocated to support operations	1,512,233	458,768	1,971,001
Change in beneficial interests in trusts	-	8,646	8,646
Total nonoperating income	1,512,233	467,414	1,979,647
Increase (decrease) in net assets	(594,000)	382,867	(211,133)
Net assets, beginning of year	68,484,798	12,889,550	81,374,348
Net assets, end of year	\$ 67,890,798	\$ 13,272,417	\$ 81,163,215

The accompanying notes are an integral part of these statements.

Vermont Public Co.

**Statement of Activities
Year Ended June 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenue and reclassifications:			
Support:			
Membership contributions	\$ 8,537,511	\$ 362,904	\$ 8,900,415
Program grants	19,370	2,032,469	2,051,839
Bequests	162,429	-	162,429
Television underwriting	-	565,377	565,377
Program service revenue:			
License and lease revenue	1,311,710	-	1,311,710
Radio underwriting	3,258,159	-	3,258,159
Investment return allocated to support operations	1,500,000	408,832	1,908,832
Other	50,125	-	50,125
Reclassifications of net assets released from restriction	4,539,112	(4,539,112)	-
Total support, revenue and reclassifications	19,378,416	(1,169,530)	18,208,886
Expenses:			
Program services:			
Content	4,443,910	-	4,443,910
Audience and community	4,690,339	-	4,690,339
Engineering	5,159,049	-	5,159,049
Total program services	14,293,298	-	14,293,298
Supporting services:			
Administration	2,542,287	-	2,542,287
Member services	1,003,941	-	1,003,941
Financial development	2,166,360	-	2,166,360
Total supporting services	5,712,588	-	5,712,588
Total expenses	20,005,886	-	20,005,886
Loss from operations	(627,470)	(1,169,530)	(1,797,000)
Nonoperating income (loss):			
Loss on investments, net of amounts allocated to support operations	(10,605,779)	(2,508,803)	(13,114,582)
Loss on disposal of equipment	(32,182)	-	(32,182)
Change in beneficial interests in trusts	-	15,328	15,328
Merger-related expenses	(1,039,397)	-	(1,039,397)
Total nonoperating loss	(11,677,358)	(2,493,475)	(14,170,833)
Decrease in net assets	(12,304,828)	(3,663,005)	(15,967,833)
Net assets, beginning of year	80,789,626	16,552,555	97,342,181
Net assets, end of year	\$ 68,484,798	\$ 12,889,550	\$ 81,374,348

The accompanying notes are an integral part of these statements.

Vermont Public Co.

**Statement of Functional Expenses
Year Ended June 30, 2023**

	Program Services				Supporting Services				Total Expenses
	Content	Audience and Community	Engineering	Total Program Services	Administration	Member Services	Financial Development	Supporting Services	
Salaries	\$ 2,952,428	\$ 1,574,271	\$ 1,293,976	\$ 5,820,675	\$ 1,287,342	\$ 370,744	\$ 887,073	\$ 2,545,159	\$ 8,365,834
Employee benefits	756,641	413,262	386,320	1,556,223	311,780	128,242	257,691	697,713	2,253,936
Payroll taxes	220,653	125,494	96,612	442,759	90,962	27,293	65,749	184,004	626,763
Total salaries and related expenses	3,929,722	2,113,027	1,776,908	7,819,657	1,690,084	526,279	1,210,513	3,426,876	11,246,533
Professional and outside services	81,309	161,329	436,161	678,799	453,365	87,673	209,346	750,384	1,429,183
Program acquisitions	96,488	2,039,381	-	2,135,869	-	-	-	-	2,135,869
Maintenance and facilities	228,965	78,805	768,696	1,076,466	186,373	-	107,770	294,143	1,370,609
Communications and software	29,440	188,675	193,296	411,411	77,150	299,157	28,127	404,434	815,845
Utilities	84,358	45,324	686,042	815,724	23,678	69,419	45,227	138,324	954,048
Subscriptions, dues and promotions	20,267	359,622	9,758	389,647	178,739	8,980	81,960	269,679	659,326
Bank charges and other fees	-	-	-	-	62,482	-	186,925	249,407	249,407
Insurance	104,836	67,311	45,698	217,845	32,201	-	45,698	77,899	295,744
Other	81,399	86,537	69,583	237,519	182,998	5,018	65,783	253,799	491,318
Total expenses before depreciation and amortization - property and equipment	4,656,784	5,140,011	3,986,142	13,782,937	2,887,070	996,526	1,981,349	5,864,945	19,647,882
Depreciation and amortization - property and equipment	120,451	13,809	1,340,320	1,474,580	23,419	12,083	70,880	106,382	1,580,962
Total expenses	\$ 4,777,235	\$ 5,153,820	\$ 5,326,462	\$ 15,257,517	\$ 2,910,489	\$ 1,008,609	\$ 2,052,229	\$ 5,971,327	\$ 21,228,844

The accompanying notes are an integral part of these statements.

Vermont Public Co.

**Statement of Functional Expenses
Year Ended June 30, 2022**

	Program Services				Supporting Services			Merger-Related Expenses	Total Expenses	
	Content	Audience and Community	Engineering	Total Program Services	Administration	Member Services	Financial Development			Total Supporting Services
Salaries	\$ 2,608,042	\$ 1,440,246	\$ 1,175,495	\$ 5,223,783	\$ 1,331,041	\$ 383,246	\$ 839,497	\$ 2,553,784	\$ 318,202	\$ 8,095,769
Employee benefits	742,183	469,046	328,266	1,539,495	185,637	9,455	390,841	585,933	35,895	2,161,323
Payroll taxes	196,774	105,930	84,208	386,912	97,426	24,766	60,211	182,403	24,342	593,657
Total salaries and related expenses	3,546,999	2,015,222	1,587,969	7,150,190	1,614,104	417,467	1,290,549	3,322,120	378,439	10,850,749
Professional and outside services	181,179	121,234	232,454	534,867	390,118	248,540	171,576	810,234	597,275	1,942,376
Program acquisitions	47,352	1,912,845	-	1,960,197	-	-	-	-	-	1,960,197
Maintenance and facilities	220,959	66,944	810,016	1,097,919	146,682	317	105,521	252,520	774	1,351,213
Communications and software	16,290	153,170	364,015	533,475	37,055	251,182	80,043	368,280	59,787	961,542
Utilities	98,816	41,971	666,224	807,011	26,149	41,004	59,535	126,688	-	933,699
Subscriptions, dues and promotions	34,012	269,215	11,159	314,386	110,016	26,781	103,730	240,527	-	554,913
Bank charges and other fees	-	-	-	-	40,918	-	167,569	208,487	-	208,487
Insurance	94,671	51,285	38,625	184,581	23,701	-	44,252	67,953	-	252,534
Other	59,281	30,054	61,942	151,277	130,247	6,567	103,392	240,206	3,122	394,605
Total expenses before depreciation and amortization - property and equipment	4,299,559	4,661,940	3,772,404	12,733,903	2,518,990	991,858	2,126,167	5,637,015	1,039,397	19,410,315
Depreciation and amortization - property and equipment	144,351	28,399	1,386,645	1,559,395	23,297	12,083	40,193	75,573	-	1,634,968
Total expenses	\$ 4,443,910	\$ 4,690,339	\$ 5,159,049	\$ 14,293,298	\$ 2,542,287	\$ 1,003,941	\$ 2,166,360	\$ 5,712,588	\$ 1,039,397	\$ 21,045,283

The accompanying notes are an integral part of these statements.

Vermont Public Co.

Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Decrease in net assets	\$ (211,133)	\$ (15,967,833)
Noncash items included in decrease in net assets:		
Investment return loss (gain)	(5,304,112)	11,205,750
Bad debt expense (recovery)	(2,083)	111,071
Depreciation and amortization - property and equipment	1,580,962	1,634,968
Loss on disposal of equipment	-	32,182
Income from change in beneficial interests in trusts valuation	(8,646)	(15,328)
Amortization of operating right-of-use assets	360,008	-
Contributed investments	(40,266)	-
Changes in assets and liabilities:		
Receivables	(226,546)	(5,400)
Prepaid expenses and other	(108,725)	64,974
Accounts payable	(25,506)	(290,532)
Accrued expenses	(342,530)	(401,549)
Deferred revenue	(64,657)	(137,367)
Operating lease liabilities	(305,079)	-
Net cash used in operating activities	(4,698,313)	(3,769,064)
Cash flows from investing activities:		
Capitalized intangible assets	(92,427)	(9,570)
Capital acquisitions	(416,512)	(725,954)
Investment withdrawals	3,333,111	1,908,832
Distributions from beneficial interests in trusts	-	900,056
Net cash provided by investing activities	2,824,172	2,073,364
Net decrease in cash	(1,874,141)	(1,695,700)
Cash, beginning of year	2,981,653	4,677,353
Cash, end of year	\$ 1,107,512	\$ 2,981,653
Supplementary disclosure of cash flows information:		
Cash paid during the year for:		
Income taxes	\$ 80,219	\$ 24,500

The accompanying notes are an integral part of these statements.

Vermont Public Co.

Notes to Financial Statements

Note 1. Operations

Vermont Public Co. (dba Vermont Public) (the Organization) is Vermont's public media station, which produces local content, as well as programming from NPR, PBS and other national entities. The Organization is a statewide not-for-profit organization serving Vermont and the surrounding regions, with its headquarters in Colchester, Vermont. The Organization distributes noncommercial content through a variety of means, including radio, television, online and direct community engagement, over a variety of spectrum under licenses issued by the Federal Communications Commission (FCC). The Organization's content includes a variety of relevant issues, such as public affairs, news, educational, cultural and scientific topics, as well as music and arts content. The Organization has transmission facilities on owned and leased land throughout the state of Vermont and contracts for the use of these facilities with other commercial and noncommercial entities for broadcast and telecommunication purposes.

Vermont Public Co. was formed on September 8, 2020. There was no activity in the Organization until July 1, 2021, when two tax-exempt organizations, Vermont ETV, Inc. (dba Vermont PBS) and Vermont Public Radio (VPR), were merged into the Organization. The combination of the two entities was accounted for as a merger under accounting principles generally accepted in the United States of America (GAAP). Accordingly, all assets, liabilities, and net assets of the individual entities were transferred into the Organization at their net book values as of July 1, 2021.

Note 2. Summary of Significant Accounting Policies

The following is a summary of the Organization's significant accounting policies applied in the preparation of the accompanying financial statements:

Basis of presentation: The Organization's financial statements have been prepared in accordance with GAAP, which requires the Organization 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 management and the Board of Directors (the Board) and include Board-designated funds that may be expended with the approval of the Board.

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 the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

Cash and cash equivalents: For purposes of the statements of cash flows, the Organization considers all highly liquid instruments with a maturity of three months or less to be cash equivalents. Amounts held for reinvestment in the Organization's investments portfolios are excluded from cash and cash equivalents (see Note 4).

Vermont Public Co.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (continued)

Revenue recognition - contracts with customers: Revenues from contracts with customers, which consist of radio underwriting, are recognized when control of the promised services is transferred to customers (as related underwriting spots are aired) in an amount that reflects the consideration expected to be received in exchange for those services.

Revenue recognition - license and lease revenue: The Organization leases and licenses building and tower space, as well as capacity on a nonbroadcast spectrum to lessees and licensees. Revenues associated with these agreements are recorded as license and lease revenue during the period covered. Payments received in advance are recorded as deferred revenue.

Revenue recognition - support: Support includes program grants, television underwriting and membership contributions from individual members. The fair value of the membership to the member is de minimis; therefore, membership contributions are recognized upon receipt.

Contributions and promises to give: The Organization accounts for contributions and promises to give under Accounting Standards Codification (ASC) Topic 958, *Not-For-Profit Entities*. Contributions received (including corporate television underwriting agreements) are recorded as contributions with or without restrictions, depending on the existence and/or nature of any donor restrictions. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All contributions that are restricted by the donor are reported as increases in net assets with donor restrictions.

Conditional promises are recognized as revenue when the conditions on which they depend have been substantially met. As of June 30, 2023, the Organization has been notified of conditional pledges, whereby the conditions have not been substantially met for future support, to the Creating a Sound Future Fund for approximately \$1,173,000 and to television programming for approximately \$490,000.

Program grants: Program grants consist of cost-reimbursement-based grants, which are recognized as costs are incurred, and grants that are unconditional in nature, which are recognized as revenue to coincide with the grant year.

Nonoperating grants: Gifts of land, buildings, and equipment are presented as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire or construct long-lived assets are reported as donor-restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated, acquired, or constructed long-lived assets are placed in service.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (continued)

Contributed materials and services: Materials contributed to the Organization for resale or for use in operations are recorded at fair value as contributions in the period received. Contributed services must either create or enhance nonfinancial assets of the Organization and require a specialized skill that the Organization would otherwise need to purchase in order to be recognized and recorded in the financial statements. Qualified contributed services are recorded at their fair values during the period the services are received. The value of contributed materials, services, and equipment meeting the criteria for recognition in the financial statements was not significant in 2023 or 2022.

Receivables: Receivables are stated at the amount the Organization expects to collect. The Organization maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments and the inability of donors and grantors to make promised payments. Management considers the following factors when determining the collectability of specific accounts: customer, donor, and grantor creditworthiness; past transaction history with the individual; current economic industry trends; and changes in payment terms. If the financial condition of the Organization's customers, donors, or grantors were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Organization provides for estimated uncollectible amounts through a charge to operations and a credit to a valuation allowance. Balances that remain outstanding after the Organization has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the related receivable. The allowance for doubtful accounts was not material at June 30, 2023 or 2022. All receivable balances are expected to be collected within one year.

Beneficial interests in trusts: The Organization records its beneficial interests in trusts in which it is named, or has been legally determined to be, a beneficiary. The Organization has not been named as a trustee over any of the trusts in which it has a beneficial interest. Distributions received from perpetual trusts are accounted for as program grant revenue; distributions from nonperpetual trusts are accounted for as reductions in the carrying value of the related trust. Changes in the Organization's carrying value of the beneficial interests are recorded as a gain in the statements of activities due to the change in the value of the beneficial interests.

Investments and investment income: Investments are recorded at fair value in the statements of financial position, with changes in fair value during the period included in increase (decrease) in net assets in the statements of activities. Amounts included in the statements of financial position as long-term investments are designated by the Board or donors for noncurrent purposes.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (continued)

Fair value measurements: The Financial Accounting Standards Board's authoritative guidance on fair value measurements establishes a framework for measuring fair value and expands disclosure about fair value measurements. This guidance enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. Under this guidance, assets and liabilities carried at fair value must be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or observable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities that are measured and reported on a fair value basis. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

During the years ended June 30, 2023 and 2022, there were no changes to the Organization's valuation techniques that had, or are expected to have, a material impact on its financial position or change in net assets.

The following are descriptions of the valuation methodologies used for instruments measured at fair value:

Equity securities and exchange-traded funds: The fair value of equity securities and exchange-traded funds are based on quoted market rates. The exchange-traded closed-end funds transact at the price valued on the New York Stock Exchange or similar active markets. The equity and other securities held by the Organization are deemed to be actively traded.

Corporate and municipal bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote, if available.

U.S. government securities and asset-backed securities: Valued using pricing models maximizing the use of observable inputs for similar securities. The U.S. government securities and asset-backed securities held by the Organization are available for sale.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (continued)

Money market funds and mutual funds: Valued at the daily closing price as reported by each fund and deemed to be actively traded. The funds are required to publish their daily net asset value (NAV) and to transact at that price. The NAV is used as a practical expedient to estimate fair value and is based upon the quoted prices of the underlying investments. This practical expedient would not be used if it were determined to be probable that the fund will sell the investment for an amount different from the reported NAV.

Beneficial interests: The recorded value of beneficial interests in nonperpetual trusts is the estimated discounted cash flows of income to be received. Assumptions utilized in the estimation process include a long-term growth rate of 5% for invested assets and a discount rate of between 2% and 5%. The recorded value of beneficial interests in perpetual trusts is the lesser of the estimated discounted cash flows to be received or its proportionate share of the fair value of underlying net assets of the trusts. Assumptions utilized in the estimation process include a long-term growth rate between 0% and 2% and a discount rate of 5%. The perpetual trusts annually distribute to the Organization 5% of the trusts' average market value over the previous 36 months.

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

Property and equipment: Property and equipment are recorded at cost or, if acquired by a gift, at fair market value on the date of the gift. Costs meeting the criteria for capitalization for self-constructed assets are capitalized and recorded at cost. Depreciation and amortization are provided for in amounts sufficient to relate the cost of depreciable and amortizable assets to operations over their estimated service lives. Leasehold improvements are amortized over the terms of the respective leases or the service lives of the improvements, whichever are shorter. The Organization provides for depreciation on a straight-line basis over the assets' estimated useful lives.

Leases: Effective July 1, 2022, the Organization adopted ASC Topic 842, *Leases*. The new standard was adopted using the modified retrospective transition method, under which periods prior to July 1, 2022 continue to be reported using historical accounting practices in accordance with ASC 840. The new standard provides a number of optional practical expedients in transition related to leases that commenced prior to the adoption of ASC 842. The Organization elected the package of practical expedients that does not require a reassessment of lease classification, whether a contract contains a lease, or initial direct costs. The Organization did not elect the use-of-hindsight practical expedient, which, if adopted, would have required the Organization to reassess the impairment of right-of-use assets and the determination of lease terms, including with respect to renewals, terminations, and other purchase options.

Vermont Public Co.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (continued)

Upon the adoption of ASC 842 on July 1, 2022, the Organization recorded operating lease liabilities of approximately \$6,329,000 and operating right-of-use assets of approximately \$5,858,000, which are net of deferred lease payments of approximately \$245,000 and lease incentives of approximately \$226,000. The adoption did not have a material impact on the Organization's change in net assets or cash flows, and there was no cumulative-effect adjustment recorded to net assets upon the adoption.

The Organization determines if an arrangement is or contains a lease at the inception of the agreement. In accordance with ASC 842, lessee leases are classified as operating or finance leases based upon various criteria. Right-of-use assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of fixed lease payments over the lease terms. The lease term commences on the date the lessor makes the asset available to the Organization and includes any renewal periods the Organization is reasonably certain to exercise.

Operating lease liabilities are amortized to operating expenses on a straight-line basis over the respective lease terms; related lease liabilities and right-of-use assets are reduced over the respective lease terms using the effective interest method. The Organization has elected not to recognize short-term leases (with terms of one year or less or immaterial leases) as lease liabilities and right-of-use assets; related expenses are recognized on a straight-line basis over the lease term. Additionally, the Organization has elected to apply the risk-free discount rate for leases in which there is no implicit discount rate.

The adoption of ASC 842 had no impact on the Organization's accounting for leases as a lessor.

Impairment of long-lived assets: Property and equipment, and right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows. An impairment charge is recognized in the amount by which the carrying amount of the asset exceeds its fair value. There was no charge related to impairment in 2023 or 2022.

Intangible assets: The Organization broadcasts content on spectrum licensed by the FCC, some of which are awarded by the FCC at little or no cost and others are acquired. Intangible assets consist of FCC licenses acquired for radio broadcasting and are recorded at cost. FCC licenses are indefinite-lived intangible assets and tested for impairment annually or more frequently if an event occurs or there is a change in circumstances that would indicate impairment. The unit of accounting used to test FCC licenses represents all licenses owned and operated by the Organization for radio broadcasting, as such licenses are used together, complementary to each other and representative of the best use of those assets. Management determined that there was no impairment in 2023 or 2022.

Income taxes: The Organization qualifies as a tax-exempt, not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code. However, the Organization is subject to federal and state income tax on net unrelated business income from certain leasing activities, as defined in the applicable provisions of the Internal Revenue Code. The Organization's provision for unrelated business income taxes is not material in 2023 or 2022.

Vermont Public Co.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (continued)

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed, or expected to be claimed, on a tax return should be recorded in the financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by tax authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Organization has recognized a liability for potential additional income taxes payable and associated penalties and interest related to positions taken by predecessor entities, which are included in accrued expenses, noncurrent portion in the amount of approximately \$328,000 and \$413,000 at June 30, 2023 and 2022, respectively. The Organization's provision for interest and penalties associated with unrecognized tax benefits is not material in 2023 or 2022.

In connection with the merger, the Organization is responsible for the tax filings of predecessor entities. With few exceptions, the Organization's predecessor entities are no longer subject to U.S. federal income tax examinations by tax authorities for years before the years ended June 30, 2020 for Vermont ETV, Inc. and September 30, 2020 for VPR. The Organization is subject to income tax examinations by U.S. federal, state or local tax authorities for the most recent three years.

Endowment: The Organization's endowment includes both donor-restricted endowment funds and any funds designated by the Board to function as endowments.

Board-designated endowments: The Board has established four Board-designated funds: the Frank & Peggy Taplin Fund, the Wyant Fund, the Board-Designated Fund, and the Spectrum Fund. The funds in these accounts are available first to satisfy obligations of the Organization and then for purposes designated by the Board.

Interpretation of relevant law: The Organization follows the State of Vermont's Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Board has interpreted this law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as donor-restricted net assets (endowments) (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Investment income on the donor-restricted endowment is available to use in accordance with donor restrictions or, in the absence of donor restrictions, the Organization's spending policy until that amount is appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (continued)

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

1. General economic conditions;
2. The possible effects of inflation and deflation;
3. The role that each investment or course of action plays within the overall investment portfolio of the fund;
4. The expected total return from income and the appreciation of investments;
5. Other resources of the Organization;
6. The needs of the Organization and the fund to make distributions and preserve capital; and
7. An asset's special relationship or special value, if any, to the charitable purposes of the Organization.

Funds with deficiencies: 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 UPMIFA requires the Organization to maintain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. These deficiencies may result from unfavorable market fluctuations that occur shortly after an investment of new permanently restricted contributions and continued appropriation for certain programs that are deemed prudent by the Board. There were no such deficiencies as of June 30, 2023 or 2022.

Return objective and risk parameters: The Organization has a variety of investment funds that are under the management of an investment committee. The Organization engages the services of asset managers to achieve investment objectives.

Investable assets will have a long-term investment horizon, with the following primary investment objectives:

- Preserve the portfolio's purchasing power through net asset growth in excess of the annual spending policy plus fees and the rate of inflation (Consumer Price Index) plus 1% in perpetuity;
- Protect the investments over the short term against catastrophic declines in value;
- Maximize the long-term return while assuming a reasonable level of risk through a diversified portfolio; and
- Provide a stable and predictable revenue distribution for the Organization, which may include, at various times, specific spending by the Organization for various targeted and transformational initiatives.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (continued)

Strategies employed for achieving objectives: The Organization's investment policy states that, in order to achieve the investment return goals while managing risk, the assets shall be invested in a diversified portfolio of equities and fixed-income opportunities. Accordingly, the policy only allows stock purchases from publicly traded corporations or instruments on recognized exchanges with a reasonable level of trading activity (liquidity). Investments in other funds or collective investments are allowed if risk, returns and management fees are considered reasonable, and concentrated positions in passive funds will be tolerated if there is adequate diversification within the fund. Prohibited positions include concentrated positions, direct ownership of companies, engaging in margin purchasing, short sales or derivative products (for example, any strategy that leverages the portfolio of investments).

The assets of the endowments and Board-designated funds shall be invested according to the investment operating guidelines, which contain the target asset allocation and range for each asset class or investment strategy, together with the applicable guidelines and restrictions. This provides a framework for investment managers to achieve the investment objectives at a level of risk consistent with the parameters set forth above.

Spending policy: As part of the annual budget approval process, the Investment Committee shall recommend to the Board the annual accretion or distribution of endowment funds and long-term Board-designated funds.

The recommendation will first consider the requirements and restrictions of the specific endowments and then the needs of the wider Organization. The recommendation to spend or accumulate assets will not be made on an overall Organization basis but must be calculated separately with respect to each established fund and according to the respective objectives to make up the total recommended annual spend.

The Organization uses a 12-quarter look-back period following each December 31 to establish an average market value and return for the basis of the annual recommendation.

Measure of operations: The statements of activities report all changes in net assets, including changes in net assets from operating activities and nonoperating activities. Operating activities include operating contributions consisting of donor contributions and program grants, license and lease revenue, program and supporting services, and an allocation of investment return intended to support operations. Nonoperating activities are limited to gain (loss) on investments (net of the allocation to operations), contributions restricted for long-term capital expenditure or investment, and other activities considered to be immaterial to operations or that are unusual or nonrecurring in nature.

Functional expenses and allocation of shared costs: Expenses are charged to program and supporting services based on direct expenses incurred and allocations of common expenses. Common costs are allocated to program and supporting services based upon related estimated utilization. Specifically, employee benefits, insurance and certain utilities, subscriptions and dues, and maintenance and facility charges are allocated based on headcount. Depreciation and amortization are allocated based on departmental asset usage.

Vermont Public Co.

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (continued)

Use of estimates: In preparing financial statements in accordance with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications: During 2023, the Organization changed its presentation of investment activities in the statement of cash flows, as described in Note 4. Consequently, certain elements in the statement of cash flows for 2022 were reclassified for comparative purposes.

Evaluation of subsequent events: In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 13, 2023, the date the financial statements were available to be issued.

Note 3. Availability and Liquidity

The following reflects the Organization's financial assets that are estimated to be available to meet general expenditure needs within one year as of June 30:

	<u>2023</u>	<u>2022</u>
Cash	\$ 1,107,512	\$ 2,981,653
Accounts receivable	142,791	95,061
Underwriting receivable	527,395	424,002
Pledges receivable	373,156	271,718
Grant receivable	25,000	48,932
Investment allocation approved by the Board for the following year's operations	3,540,000	2,550,000
Other investments	68,867	-
Total financial assets available for general expenditures within one year	\$ 5,784,721	\$ 6,371,366

Notes to Financial Statements

Note 3. Availability and Liquidity (continued)

As part of the Organization's liquidity management process, the Organization structures its financial assets to be available as general and program expenditures, liabilities, and other obligations become due. The Organization's investments include general investments and Board-designated funds that are not subject to donor restrictions. Should an unforeseen need arise, approximately \$44,870,000 would be available to draw upon with Board approval. In addition to these financial assets, the Organization's history demonstrates a consistent pattern of raising support from the general public and the Corporation for Public Broadcasting (CPB) (see Note 12); therefore, operations and resulting cash flows are budgeted assuming certain levels of ongoing support, the actual results of which are monitored throughout the year. Additionally, the Organization has a \$700,000 line of credit available to meet cash flow needs (see Note 7).

Note 4. Investments

The Organization manages its investments through various investment managers in accordance with its investment policy. That policy requires, among other things, the maintenance of certain levels of cash in order to ensure liquidity. The Organization has determined that such cash balances are intended for the purpose of investment and not for operations; therefore, invested cash is included in investments. Furthermore, in presenting the statements of cash flows, the Organization considers transfers into and from the investment portfolio to be cash transactions as additional investments and withdrawals from investments, respectively. Within the investments, net proceeds from the sale of investments were approximately \$23,488,000 in 2023 and \$21,096,000 in 2022 and purchases of investments were approximately \$20,663,000 in 2023 and \$19,504,000 in 2022.

Investments consist primarily of amounts that have been Board-designated or restricted by donors (see Note 11), which are included in noncurrent assets, and undesignated amounts, which are included in current assets as investments available for operations in the accompanying statements of financial position.

The Board designates a portion of the Organization's cumulative endowment investment return for the support of current operations. The remainder is retained to support operations of future years and offset potential market declines. The amount computed under the investment spending policy and the investment income earned by investing cash in excess of daily requirements are used to support current operations, as quantified hereafter for the years ended June 30, 2023 and 2022.

Vermont Public Co.**Notes to Financial Statements**

Note 4. Investments (continued)

A summary of the Organization's investments according to the fair value hierarchy are as follows at June 30:

	2023	2022
Cash and cash equivalents	\$ 1,102,795	\$ 581,024
Level 1:		
Equity securities	16,936,259	16,909,445
Exchange-traded funds - equities	13,789,408	10,262,715
Exchange-traded funds - fixed income	2,308,336	2,413,256
Exchange-traded funds - other	113,057	123,272
Total Level 1	33,147,060	29,708,688
Level 2:		
Corporate bonds	7,989,037	9,053,597
U.S. government securities	6,609,655	5,558,561
Asset-backed securities	1,263,894	973,048
Total Level 2	15,862,586	15,585,206
Level 3:		
FreshTracks II	-	15,018
Investments measured using NAV:		
Money market funds (a)	435,042	-
Mutual funds - equities (b)	9,076,608	10,953,522
Mutual funds - fixed income (c)	60,297	829,663
Total investments measured using NAV	9,571,947	11,783,185
Total investments	59,684,388	57,673,121
Less amounts classified as current (Note 3)	3,540,000	2,550,000
Amounts classified as noncurrent	\$ 56,144,388	\$ 55,123,121

Investments measured using NAV consist of funds for which there are no unfunded commitments, redemption value is computed daily, and there is no notification period required prior to redemption. Categories of investments measured using NAV and related investment strategies consist of the following:

- (a) These funds invest primarily in highly liquid, near-term instruments.
- (b) These funds invest primarily in equity securities of companies headquartered in the U.S. and internationally, including emerging international markets.

Vermont Public Co.

Notes to Financial Statements

Note 4. Investments (continued)

(c) These funds invest primarily in fixed-income instruments issued by the U.S. government and securitized bonds.

The following summarizes the total investment gain (loss) in the statements of activities for the years ended June 30:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	\$ 994,638	\$ 290,840	\$ 1,285,478
Net realized and unrealized gain on investments	3,559,912	714,394	4,274,306
Commissions and fees	(193,905)	(61,767)	(255,672)
Total gain	4,360,645	943,467	5,304,112
Less allocation to support operations	2,848,412	484,699	3,333,111
Allocation to nonoperating income	\$ 1,512,233	\$ 458,768	\$ 1,971,001
	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	\$ 1,222,891	\$ 460,176	\$ 1,683,067
Net realized and unrealized loss on investments	(10,091,641)	(2,466,897)	(12,558,538)
Commissions and fees	(237,029)	(93,250)	(330,279)
Total loss	(9,105,779)	(2,099,971)	(11,205,750)
Less allocation to support operations	1,500,000	408,832	1,908,832
Allocation to nonoperating loss	\$ (10,605,779)	\$ (2,508,803)	\$ (13,114,582)

Vermont Public Co.

Notes to Financial Statements

Note 5. Property and Equipment

Property and equipment consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Building and improvements	\$ 15,499,994	\$ 15,442,921
Production and transmission equipment	15,842,598	15,627,408
Other equipment, furniture and fixtures	2,359,009	2,359,306
Construction in process	102,318	495,884
	33,803,919	33,925,519
Less accumulated depreciation and amortization	17,254,824	16,211,974
	<u>\$ 16,549,095</u>	<u>\$ 17,713,545</u>

Note 6. Beneficial Interests in Trusts

The Organization has been named as a beneficiary in a variety of trusts. Certain of the trusts are remainder interests (perpetual), and others are lead interests (nonperpetual). As of June 30, 2023 and 2022, the estimated fair value of beneficial interests in nonperpetual trusts, which were determined to be Level 2 investments in the fair value hierarchy, was approximately \$1,059,000 and \$1,013,000, respectively. As of June 30, 2023 and 2022, the estimated fair value of beneficial interests in perpetual trusts, which were determined to be Level 3 investments in the fair value hierarchy, was approximately \$394,000 and \$431,000, respectively. During 2023, no distributions were received from nonperpetual trusts. During 2022, approximately \$900,000 of a nonperpetual trust was liquidated and distributed to the Organization.

Note 7. Line of Credit

During June 2023, the Organization increased its line of credit with Northfield Savings Bank from \$350,000 to \$700,000, expiring in June 2025. Interest is payable at *The Wall Street Journal* prime rate, with a minimum interest rate of 3.25%, and the note is secured by substantially all business assets. There was no outstanding balance at June 30, 2023 or 2022.

Note 8. Operating Leases and Licensing Agreements (as Lessor/Licensor)

The Organization leases and licenses building and tower space on leased land (see Note 9) and owned property, expiring on various dates ranging from 2025 to 2027. Certain agreements are cancelable by either party with one year's notice. Some agreements allow for original terms of up to 15 years, with automatic renewal for up to an additional 15-year period. Some lease and license amounts are prepaid, and unearned portions are included in deferred revenue. Some agreements call for the return of prepaid amounts in the event that the Organization cancels the agreement, as specifically defined in the agreements.

Vermont Public Co.

Notes to Financial Statements

Note 8. Operating Leases and Licensing Agreements (as Lessor/Licensor) (continued)

Following is a summary of property held for lease and license at June 30:

	<u>2023</u>	<u>2022</u>
Buildings and towers	\$ 2,574,734	\$ 2,561,934
Less accumulated depreciation	<u>1,771,525</u>	<u>1,730,381</u>
	<u>\$ 803,209</u>	<u>\$ 831,553</u>

License and lease revenue earned was approximately \$1,359,000 in 2023 and \$1,312,000 in 2022. As of June 30, 2023, noncancelable future minimum license and lease revenue is approximately \$313,000 in 2024, \$320,000 in 2025, \$201,000 in 2026, and \$183,000 in 2027.

Note 9. Operating Leases (as Lessee)

The Organization has a noncancelable operating lease agreement for its operating facilities in Winooski, Vermont through June 2024, with two five-year renewal periods available to extend the lease term to June 2034, which the Organization plans to use.

The Organization leases land for mountaintop transmitters and the land upon which the studio and administrative facilities are located (ground lease) from unrelated third parties under various operating leases with varying expiration dates. The leases expire between 2030 and 2060 when including renewals the Organization is reasonably certain to exercise. The Organization is required to return the properties "to a natural state" in the event that the Organization terminates the leases. No amounts have been included in the financial statements for these costs due to the uncertainty of timing, and the costs are not estimable at June 30, 2023 or 2022.

The Organization has operating leases that have been considered immaterial to recognize right-of-use assets and corresponding lease liabilities. These lease expenses have been disclosed below.

Certain leases make the Organization responsible for variable expenses, such as property taxes, utilities and maintenance.

Sublease income was approximately \$911,000 in 2023 and \$874,000 in 2022 and is recorded in license and lease revenue in the statements of activities (see Note 8).

Vermont Public Co.

Notes to Financial Statements

Note 9. Operating Leases (as Lessee) (continued)

The components of lease expenses are as follows for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Operating lease expense prior to adoption of ASC 842	\$ -	\$ 973,155
Lease expenses under ASC 842:		
Operating lease expense	541,254	-
Short-term and immaterial lease expense	334,387	-
Variable lease cost	104,162	-
	<u>\$ 979,803</u>	<u>\$ 973,155</u>

As of June 30, 2023, future minimum lease payments required are as follows:

Years ending June 30:		
2024		\$ 498,363
2025		518,329
2026		538,570
2027		550,258
2028		562,234
Thereafter		<u>4,932,075</u>
Total minimum lease payments		7,599,829
Less amount representing interest		<u>1,575,992</u>
Present value of minimum lease payments		6,023,837
Less current maturities of operating lease liabilities		<u>326,242</u>
Total operating lease liabilities, less current maturities		<u><u>\$ 5,697,595</u></u>

Cash paid for amounts included in the measurement of operating lease liabilities was approximately \$486,000 in 2023.

Additional lease disclosures of weighted averages as of June 30, 2023 are as follows:

Remaining lease term (years)	14.6
Discount rate	3.0%

Vermont Public Co.

Notes to Financial Statements

Note 10. Contingency

University of Vermont: During 1990, the University of Vermont, the former licensee of Vermont ETV, Inc., donated certain start-up property to Vermont ETV, Inc. in connection with its spin-off from the university. The property was included in the merger into the Organization. This property primarily included the various mountaintop transmitter sites located on Mount Mansfield, Mount Ascutney, Burke Mountain, Grandpa's Knob, Mount Pleasant, and the studio building in Colchester. As specified in this transfer agreement, in the event that the Organization dissolves or ceases to exist or operate as a nonprofit, noncommercial telecommunications or broadcasting facility, the ownership of all of the donated assets and all proceeds from sales thereof shall immediately revert to the University of Vermont, subject to all then-existing mortgages, liens, and encumbrances. In conjunction with the merger of Vermont ETV, Inc. into the Organization, the University of Vermont amended the agreement to waive the application of the dissolution clause to Vermont ETV, Inc. and impose this condition upon the successor entity, Vermont Public Co., pursuant to the merger agreement.

Note 11. Net Assets

Endowments without donor restrictions - Board-designated: The Board has established several Board-designated funds for various purposes, the assets of which are available to satisfy the general obligations of the Organization but are for purposes designated by the Board. These Board-designated funds include four funds established for certain purposes by the donors and over which the donors granted the Board variance power, which grants the Board the discretion to utilize the net assets included in the funds for other purposes at its discretion.

Board-designated funds include the following:

- **Frank & Peggy Taplin Fund:** The Frank & Peggy Taplin Fund was established for the purpose of supporting productions for local cultural and natural programming.
- **Wyant Fund:** The Wyant Fund was established for the purpose of supporting cross-border programs that address issues within Vermont and Canada.
- **Board-Designated Fund:** The Board-Designated Fund was established to meet the needs of the Organization for purposes at the discretion of the Board.
- **Spectrum Fund:** The Spectrum Fund was established to meet the needs of the Organization for purposes at the discretion of the Board.

Endowments with donor restrictions: The Organization has established two restricted endowment funds. The donor-restricted funds consist of the following:

- **Creating a Sound Future Fund:** This fund was established for the purpose of supporting fiscal independence, new program initiatives and new technologies.
- **Phillips Classical Music Fund:** This fund was established for the purpose of supporting the broadcast of classical music on the radio.

Vermont Public Co.

Notes to Financial Statements

Note 11. Net Assets (continued)

The Organization had the following endowment-fund-related activities:

	Board- Designated Funds	Donor-Restricted		Total
		Creating a Sound Future Fund	Phillips Classical Music Fund	
Balance, June 30, 2021	\$ 57,518,529	\$ 11,157,349	\$ 2,093,688	\$ 70,769,566
Additions	-	-	-	-
Investment losses	(8,869,842)	(1,689,380)	(317,341)	(10,876,563)
Investment fees	(237,029)	(78,590)	(14,660)	(330,279)
Appropriations	(1,500,000)	(343,577)	(65,255)	(1,908,832)
Balance, June 30, 2022	46,911,658	9,045,802	1,696,432	57,653,892
Additions	-	-	-	-
Investment gains	4,544,382	851,494	153,740	5,549,616
Investment fees	(193,905)	(52,000)	(9,767)	(255,672)
Appropriations	(2,848,412)	(427,702)	(72,013)	(3,348,127)
Balance, June 30, 2023	\$ 48,413,723	\$ 9,417,594	\$ 1,768,392	\$ 59,599,709

Vermont Public Co.

Notes to Financial Statements

Note 11. Net Assets (continued)

With donor restrictions: Net assets with donor restrictions at June 30 consist of amounts pledged and received under corporate underwriting agreements restricted for use in the following fiscal years, production grants restricted for use according to the terms of the agreements, beneficial interests in trusts, restricted endowment funds and pledges receivable from individuals and grantors, as follows:

	<u>2023</u>	<u>2022</u>
Endowment funds:		
Amounts required to be maintained in perpetuity:		
Creating a Sound Future Fund	\$ 6,477,371	\$ 6,477,371
Phillips Classical Music Fund	1,003,542	1,003,542
	<u>7,480,913</u>	<u>7,480,913</u>
Accumulated investment earnings, subject to spending policy for the following purposes:		
Creating a Sound Future Fund	2,940,223	2,568,431
Phillips Classical Music Fund	764,850	692,890
	<u>3,705,073</u>	<u>3,261,321</u>
Total endowment funds with donor restrictions	<u>11,185,986</u>	<u>10,742,234</u>
Other restrictions:		
Restricted for the following purposes:		
Television underwriting agreements	247,991	207,914
Next Campaign	-	202,493
Climate and environmental reporting	147,167	149,764
Other specified programs	238,730	143,248
	<u>633,888</u>	<u>703,419</u>
Restricted for use in the future:		
Beneficial interests in trusts - no restriction on use	393,814	430,754
Beneficial interests in trusts - Creating a Sound Future Fund	1,058,729	1,013,143
	<u>1,452,543</u>	<u>1,443,897</u>
	<u>\$ 13,272,417</u>	<u>\$ 12,889,550</u>

Vermont Public Co.

Notes to Financial Statements

Note 12. Concentrations

The Organization has received a significant portion of its operating revenue from the CPB totaling approximately \$1,767,000 in 2023 and \$2,032,000 in 2022, which is approximately 10% of total revenues. Amounts related to CPB grants, included in pledges receivable, were immaterial at June 30, 2023 and 2022. As CPB is a steward of the federal government's investment in public broadcasting, future funding is subject to political risk, risks of changes in federal government spending priorities, and regulatory compliance risk relative to the Organization continuing to meet CPB compliance requirements. The Organization believes that it has complied with all regulatory requirements.

The Organization maintains domestic bank account balances that, at times, may exceed federally insured limits. The Organization has not experienced any losses with these accounts. Management believes that the Organization is not exposed to any significant credit risk on domestic cash balances.

Note 13. Retirement Plans

The Organization participated in a contributory retirement plan, which is an Internal Revenue Code Section 403(b) plan, that covered all full-time legacy Vermont ETV, Inc. employees, including those under contract with International Brotherhood of Electrical Workers, Local 1228, through December 31, 2021. Employees under contract with International Brotherhood of Electrical Workers, Local 1228 continued under the plan through June 30, 2022. The Teachers Insurance and Annuity Association, the College Retirement Equities Fund, and Fidelity Investments administer the investment options. All contributions are held in individual employee accounts, and each employee is immediately vested in all funds. Employees eligible for the Organization's contribution must be at least 21 years of age, employed by the Organization for at least one year and contribute a minimum of 2% of gross salary. The Organization generally contributes an additional 5% of each employee's gross salary to the plan. Total retirement expenses charged to operations relating to the plan were approximately \$0 in 2023 and \$59,000 in 2022.

The Organization sponsored a 401(k) defined contribution retirement plan through December 31, 2021 for legacy VPR employees who have reached age 21 and completed at least one month of service. The Organization contributed a safe harbor match equal to 100% of the first 3% of salary deferrals and 50% of the next 2% of salary deferrals, up to a maximum match of 4%. In addition, the Organization, at its discretion, may make additional contributions for each employee based on a percentage of annual compensation. Total contributions to the plan were approximately \$0 in 2023 and \$107,000 in 2022.

Beginning on January 1, 2022, the Organization began sponsoring a 401(k) defined contribution retirement plan for those employees not covered under a contract with International Brotherhood of Electrical Workers, Local 1228 who have reached age 21 and completed at least one month of service. Beginning on July 1, 2023, those employees covered under a contract with International Brotherhood of Electrical Workers, Local 1228 were also eligible to join this plan. The Organization contributed a safe harbor match equal to 3% of earnings for up to the first 3% of salary deferrals and 100% of the next 2% of salary deferrals, up to a maximum match of 5%. Total contributions to the plan were approximately \$404,000 in 2023 and \$164,000 in 2022.

Vermont Public Co.

Notes to Financial Statements

Note 13. Retirement Plans (continued)

The Organization sponsors an unfunded noncontributory defined supplemental benefit insurance plan that is subject to modification or elimination at the exclusive discretion of the Board and is not a vested benefit. The plan covers former Vermont ETV, Inc. employees who were qualified as of June 30, 1999, at which date the plan was frozen, and covers five retired employees and their spouses as of June 30, 2023 and 2022. The total liability of approximately \$216,000 is included in accrued expenses, noncurrent portion at June 30, 2023 and 2022.

Supplementary Information

Vermont Public Co.

**Supplemental Statement of Activities Schedule -
Activities by Division
Year Ended June 30, 2023**

	TV	Radio	Total
Support, revenue and reclassifications:			
Support:			
Membership contributions	\$ 2,872,487	\$ 5,155,928	\$ 8,028,415
Program grants	1,202,792	604,430	1,807,222
Bequests	336,799	172,031	508,830
Television underwriting	610,928	-	610,928
Program service revenue:			
License and lease revenue	1,194,450	164,474	1,358,924
Radio underwriting	27,287	3,280,321	3,307,608
Investment return allocated to support operations	2,848,393	484,718	3,333,111
Other	13,016	70,010	83,026
Total support, revenue and reclassifications	9,106,152	9,931,912	19,038,064
Expenses:			
Program services:			
Content	1,670,231	3,107,004	4,777,235
Audience and community	2,024,160	3,129,660	5,153,820
Engineering	2,553,772	2,772,690	5,326,462
Total program services	6,248,163	9,009,354	15,257,517
Supporting services:			
Administration	1,195,898	1,714,591	2,910,489
Member services	442,344	566,265	1,008,609
Financial development	842,214	1,210,015	2,052,229
Total supporting services	2,480,456	3,490,871	5,971,327
Total expenses	8,728,619	12,500,225	21,228,844
Income (loss) from operations	377,533	(2,568,313)	(2,190,780)
Nonoperating income:			
Gain on investments, net of amounts allocated to support operations	1,326,131	644,870	1,971,001
Change in beneficial interests in trusts	-	8,646	8,646
Total nonoperating income	1,326,131	653,516	1,979,647
Increase (decrease) in net assets	\$ 1,703,664	\$ (1,914,797)	\$ (211,133)

Vermont Public Co.

**Supplemental Statement of Activities Schedule -
Activities by Division
Year Ended June 30, 2022**

	TV	Radio	Total
Support, revenue and reclassifications:			
Support:			
Membership contributions	\$ 3,141,574	\$ 5,758,841	\$ 8,900,415
Program grants	1,185,465	866,374	2,051,839
Bequests	54,583	107,846	162,429
Television underwriting	565,377	-	565,377
Program service revenue:			
License and lease revenue	1,149,473	162,237	1,311,710
Radio underwriting	35,619	3,222,540	3,258,159
Investment return allocated to support operations	1,500,000	408,832	1,908,832
Other	9,704	40,421	50,125
Total support, revenue and reclassifications	7,641,795	10,567,091	18,208,886
Expenses:			
Program services:			
Content	1,761,665	2,682,245	4,443,910
Audience and community	1,932,885	2,757,454	4,690,339
Engineering	2,600,678	2,558,371	5,159,049
Total program services	6,295,228	7,998,070	14,293,298
Supporting services:			
Administration	1,124,093	1,418,194	2,542,287
Member services	529,363	474,578	1,003,941
Financial development	953,491	1,212,869	2,166,360
Total supporting services	2,606,947	3,105,641	5,712,588
Total expenses	8,902,175	11,103,711	20,005,886
Loss from operations	(1,260,380)	(536,620)	(1,797,000)
Nonoperating income (loss):			
Loss on investments, net of amounts allocated to support operations	(10,200,529)	(2,914,053)	(13,114,582)
Loss on disposal of equipment	(30,042)	(2,140)	(32,182)
Change in beneficial interests in trusts	-	15,328	15,328
Merger-related expenses	(578,258)	(461,139)	(1,039,397)
Total nonoperating loss	(10,808,829)	(3,362,004)	(14,170,833)
Decrease in net assets	\$ (12,069,209)	\$ (3,898,624)	\$ (15,967,833)