



**MAINE PUBLIC BROADCASTING CORPORATION**  
d/b/a



**FINANCIAL STATEMENTS**

June 30, 2019 and 2018

With Independent Auditor's Report



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

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**June 30, 2019 and 2018**

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of Maine Public Broadcasting Corporation d/b/a Maine Public (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Maine Public Broadcasting Corporation d/b/a Maine Public as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

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

### **Change in Accounting Principle**

As discussed in Note 1 to the financial statements, during the year ended June 30, 2019 Maine Public adopted new accounting guidance, Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

### **Prior Period Financial Statements**

The financial statements of the Maine Public Broadcasting Corporation d/b/a Maine Public as of June 30, 2018, were audited by another auditor whose report, dated November 6, 2018, expressed an unmodified opinion on those statements.

*Berry Dunn McNeil & Parker, LLC*

Portland, Maine  
November 12, 2019

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

**Statements of Financial Position**

**June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 3,680,996	\$ 2,920,037
Cash internally designated for capital purposes	355,857	355,324
Accounts and grants receivable	4,214	7,275
Pledges receivable within one year	1,877,651	2,210,017
Prepaid expenses	<u>121,628</u>	<u>98,879</u>
Total current assets	<u>6,040,346</u>	<u>5,591,532</u>
Property and equipment		
Broadcast equipment	21,479,322	21,085,841
Land and improvements	259,978	259,978
Buildings and improvements	5,034,902	5,034,902
Office equipment and furniture	2,644,057	2,500,682
Automotive equipment	<u>549,449</u>	<u>514,263</u>
	<b>29,967,708</b>	29,395,666
Accumulated depreciation	<u>(23,259,000)</u>	<u>(22,455,709)</u>
Total property and equipment	<u>6,708,708</u>	<u>6,939,957</u>
Other assets		
Unemployment compensation deposit	61,994	61,963
Investments - long-term	6,697,906	6,358,195
Cash and cash equivalents designated for capital purposes	2,005,893	-
Pledges receivable after one year	<u>952,000</u>	<u>1,570,277</u>
Total other assets	<u>9,717,793</u>	<u>7,990,435</u>
Total assets	<u>\$ 22,466,847</u>	<u>\$ 20,521,924</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 119,444	\$ 225,926
Accrued expenses and other	<u>639,748</u>	<u>632,273</u>
Total current liabilities	<u>759,192</u>	<u>858,199</u>
Long-term liabilities		
Accrued postretirement benefits	<u>56,064</u>	<u>63,664</u>
Total liabilities	<u>815,256</u>	<u>921,863</u>
Net assets		
Without donor restrictions		
Operations	10,037,312	9,463,072
Board designated investment	<u>6,089,612</u>	<u>5,766,600</u>
Total net assets without donor restrictions	<u>16,126,924</u>	<u>15,229,672</u>
With donor restrictions	<u>5,524,667</u>	<u>4,370,389</u>
Total net assets	<u>21,651,591</u>	<u>19,600,061</u>
Total liabilities and net assets	<u>\$ 22,466,847</u>	<u>\$ 20,521,924</u>

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

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

**Statement of Activities**

**Year Ended June 30, 2019  
(With Summarized Comparative Totals for 2018)**

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Operating revenues and support				
Membership	\$ 5,658,390	\$ -	\$ 5,658,390	\$ 5,511,284
State of Maine Corporation for Public Broadcasting	1,500,000	-	1,500,000	1,500,000
Contributions	1,864,021	-	1,864,021	1,762,519
Underwriting	2,001,039	50,000	2,051,039	1,869,903
Government grants	-	2,689,840	2,689,840	2,576,550
Interest on short-term investments	385,911	-	385,911	10,500
Investment income allocated under spending formula	38,301	-	38,301	25,192
Other	172,255	17,745	190,000	190,000
In-kind	396,249	-	396,249	532,160
Net assets released from restrictions	3,000	-	3,000	14,916
	3,677,260	(3,677,260)	-	-
Total operating revenues and support	15,696,426	(919,675)	14,776,751	13,993,024
Operating expenses				
Program service				
Technical	2,464,719	-	2,464,719	2,410,408
Programming and production	6,032,512	-	6,032,512	5,804,720
Public information	499,709	-	499,709	538,770
	8,996,940	-	8,996,940	8,753,898
Total program services	8,996,940	-	8,996,940	8,753,898
Development	2,969,122	-	2,969,122	2,803,324
Administration	1,928,628	-	1,928,628	2,001,945
Depreciation	1,300,389	-	1,300,389	1,287,803
	15,195,079	-	15,195,079	14,846,970
Total operating expenses	15,195,079	-	15,195,079	14,846,970
Changes in net assets from operations	501,347	(919,675)	(418,328)	(853,946)
Nonoperating activities				
Contributions	206,591	2,129,168	2,335,759	77,619
Investment income	294,324	29,775	324,099	463,012
Investment income allocated under spending formula	(172,255)	(17,745)	(190,000)	(190,000)
Net assets released from restrictions	67,245	(67,245)	-	-
	395,905	2,073,953	2,469,858	350,631
Total nonoperating activities	395,905	2,073,953	2,469,858	350,631
Change in net assets	897,252	1,154,278	2,051,530	(503,315)
Net assets, beginning of year	15,229,672	4,370,389	19,600,061	20,103,376
Net assets, end of year	\$ 16,126,924	\$ 5,524,667	\$ 21,651,591	\$ 19,600,061

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

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

**Statement of Activities**

**Year Ended June 30, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating revenues and support			
Membership	\$ 5,511,284	\$ -	\$ 5,511,284
State of Maine	1,500,000	-	1,500,000
Corporation for Public Broadcasting	1,762,519	-	1,762,519
Contributions	1,608,947	260,956	1,869,903
Underwriting	-	2,576,550	2,576,550
Government grants	10,500	-	10,500
Interest on short-term investments	25,192	-	25,192
Investment income allocated under spending formula	173,800	16,200	190,000
Other	532,160	-	532,160
In-kind	14,916	-	14,916
Net assets released from restrictions	<u>4,389,775</u>	<u>(4,389,775)</u>	<u>-</u>
Total operating revenues and support	<u>15,529,093</u>	<u>(1,536,069)</u>	<u>13,993,024</u>
Operating expenses			
Program service			
Technical	2,410,408	-	2,410,408
Programming and production	5,804,720	-	5,804,720
Public information	<u>538,770</u>	<u>-</u>	<u>538,770</u>
Total program services	<u>8,753,898</u>	<u>-</u>	<u>8,753,898</u>
Development	2,803,324	-	2,803,324
Administration	2,001,945	-	2,001,945
Depreciation	<u>1,287,803</u>	<u>-</u>	<u>1,287,803</u>
Total operating expenses	<u>14,846,970</u>	<u>-</u>	<u>14,846,970</u>
Changes in net assets from operations	682,123	(1,536,069)	(853,946)
Nonoperating activities			
Contributions	75,993	1,626	77,619
Investment income	419,926	43,086	463,012
Amount allocated under spending formula	(173,800)	(16,200)	(190,000)
Net assets released from restrictions	<u>65,700</u>	<u>(65,700)</u>	<u>-</u>
Total nonoperating activities	<u>387,819</u>	<u>(37,188)</u>	<u>350,631</u>
Change in net assets	1,069,942	(1,573,257)	(503,315)
Net assets, beginning of year	<u>14,159,730</u>	<u>5,943,646</u>	<u>20,103,376</u>
Net assets, end of year	<u>\$ 15,229,672</u>	<u>\$ 4,370,389</u>	<u>\$ 19,600,061</u>

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

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

**Statement of Functional Expenses**

**June 30, 2019**

**With Summarized Comparative Totals for 2018**

	2019				2018			
	Program Service			Total	Support Services		Total	
	Technical	Program and Production	Public Information		Development	Administration		Total
Salaries and benefits	\$ 1,173,977	\$ 3,510,936	\$ 343,368	\$ 5,028,281	\$ 1,948,572	\$ 1,133,725	\$ 8,110,578	\$ 7,667,718
Programming	-	1,907,380	-	1,907,380	-	-	1,907,380	1,892,487
Professional services	383,181	329,007	24,758	736,946	136,036	204,402	1,077,384	1,132,750
Printing	-	674	46,246	46,920	232,680	1,040	280,640	252,711
Electricity	286,159	73	-	286,232	-	37,429	323,661	314,295
Maintenance	154,969	4,167	-	159,136	-	117,070	276,206	271,050
Postage	250	463	42,243	42,956	118,248	6,529	167,733	185,860
Travel and conference	37,266	57,560	5,497	100,323	55,774	56,519	212,616	227,245
Rent	248,742	11,588	-	260,330	-	114,381	374,711	353,796
Insurance	19,469	66,277	6,490	92,236	36,951	13,141	142,328	138,832
Telephone	56,977	14,844	-	71,821	11,325	87,305	170,451	183,574
Premiums	-	-	-	-	120,367	-	120,367	120,705
Miscellaneous	1,127	14,627	4,760	20,514	125,631	38,390	184,535	234,845
Office and technical supplies	37,128	36,970	15,323	89,421	7,394	21,738	118,553	95,900
Minor equipment	-	9,664	-	9,664	-	470	10,134	24,259
Computer services	64,130	1,656	-	65,786	-	-	65,786	79,267
Bank fees and discounts	-	-	-	-	167,493	7,536	175,029	153,884
Advertising	-	639	8,401	9,040	-	7,383	16,423	23,822
Special events	-	-	1,938	1,938	6,306	-	8,244	23,913
Professional dues	-	43,891	-	43,891	1,554	59,632	105,077	100,900
Strategic initiative/training	-	-	-	-	-	10,432	10,432	10,669
Video tape	-	2,880	-	2,880	-	-	2,880	280
Subscriptions	1,344	19,216	685	21,245	791	1,506	23,542	24,719
Other taxes	-	-	-	-	-	10,000	10,000	45,686
Subtotal	<u>2,464,719</u>	<u>6,032,512</u>	<u>499,709</u>	<u>8,996,940</u>	<u>2,969,122</u>	<u>1,928,628</u>	<u>13,894,690</u>	<u>13,559,167</u>
Depreciation	<u>965,073</u>	<u>114,872</u>	<u>25,284</u>	<u>1,105,229</u>	<u>143,960</u>	<u>51,200</u>	<u>1,300,389</u>	<u>1,287,803</u>
Totals	<u>\$ 3,429,792</u>	<u>\$ 6,147,384</u>	<u>\$ 524,993</u>	<u>\$ 10,102,169</u>	<u>\$ 3,113,082</u>	<u>\$ 1,979,828</u>	<u>\$ 15,195,079</u>	<u>\$ 14,846,970</u>

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



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

**Statement of Functional Expenses**

**Year Ended June 30, 2018**

	2018						
	Program Services				Support Services		
	Technical	Program and Production	Public Information	Total	Development	Administration	Total
Salaries and benefits	\$ 1,092,751	\$ 3,291,307	\$ 358,350	\$ 4,742,408	\$ 1,827,073	\$ 1,098,237	\$ 7,667,718
Programming	-	1,892,487	-	1,892,487	-	-	1,892,487
Professional services	411,987	329,815	24,026	765,828	102,185	264,737	1,132,750
Printing	-	261	51,178	51,439	197,902	3,370	252,711
Electricity	283,993	104	-	284,097	-	30,198	314,295
Maintenance	172,379	3,553	-	175,932	-	95,118	271,050
Postage	1,058	764	46,005	47,827	129,217	8,816	185,860
Travel and conference	28,105	72,144	8,485	108,734	57,939	60,572	227,245
Rent	229,707	9,494	-	239,201	-	114,595	353,796
Insurance	14,800	67,669	6,578	89,047	36,630	13,155	138,832
Telephone	67,593	13,073	-	80,666	9,955	92,953	183,574
Premiums	-	-	-	-	120,705	-	120,705
Miscellaneous	1,416	17,492	7,739	26,647	138,548	69,650	234,845
Office and technical supplies	26,700	36,645	14,334	77,679	4,449	13,772	95,900
Minor equipment	-	4,496	-	4,496	10,086	9,677	24,259
Computer services	77,611	1,656	-	79,267	-	-	79,267
Bank fees and discounts	-	-	-	-	146,506	7,378	153,884
Advertising	-	3,321	15,149	18,470	-	5,352	23,822
Special events	-	-	6,095	6,095	17,818	-	23,913
Professional dues	-	42,098	-	42,098	1,896	56,906	100,900
Strategic initiative/training	-	-	-	-	-	10,669	10,669
Video tape	-	280	-	280	-	-	280
Subscriptions	2,308	18,061	831	21,200	2,415	1,104	24,719
Other taxes	-	-	-	-	-	45,686	45,686
Subtotal	2,410,408	5,804,720	538,770	8,753,898	2,803,324	2,001,945	13,559,167
Depreciation	943,616	121,847	25,948	1,091,411	144,497	51,895	1,287,803
Totals	<u>\$ 3,354,024</u>	<u>\$ 5,926,567</u>	<u>\$ 564,718</u>	<u>\$ 9,845,309</u>	<u>\$ 2,947,821</u>	<u>\$ 2,053,840</u>	<u>\$ 14,846,970</u>

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

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

**Statements of Cash Flows**

**June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Cash flows form operating activities		
Change in net assets	\$ 2,051,530	\$ (503,315)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,300,389	1,287,803
Net gain on long-term investments	(193,477)	(379,676)
Contributions restricted for long-term investment	(2,004,168)	(1,626)
(Increase) decrease in		
Accounts and grants receivable	3,061	17,771
Pledges receivable	-	409,668
Prepaid expenses	(22,749)	(7,516)
Unemployment compensation deposit	(31)	(31)
(Increase) decrease in		
Accounts payable	(106,482)	127,441
Accrued expenses and other	7,475	48,901
Accrued postretirement benefits	(7,600)	(7,600)
Net cash provided by operating activities	<u>1,027,948</u>	<u>991,820</u>
Cash flows from investing activities		
Purchase of property and equipment	(1,069,140)	(1,197,582)
Proceeds from the sale of investments	2,210,145	1,330,124
Purchase of investments	(2,356,379)	(1,382,572)
Net cash used by investing activities	<u>(1,215,374)</u>	<u>(1,250,030)</u>
Cash flows from financing activities		
Contributions restricted for long-term investment	2,954,811	75,993
Net cash provided by financing activities	<u>2,954,811</u>	<u>75,993</u>
Change in cash and cash equivalents	2,767,385	(182,217)
Cash and cash equivalents, beginning of year	<u>3,275,361</u>	<u>3,457,578</u>
Cash and cash equivalents, end of year	<u>\$ 6,042,746</u>	<u>\$ 3,275,361</u>
Composition of cash and cash equivalents at end of year		
Cash and cash equivalents	\$ 3,680,996	\$ 2,920,037
Cash internally designated for capital purchases	355,857	355,324
Cash and cash equivalents designated for capital purposes	2,005,893	-
	<u>\$ 6,042,746</u>	<u>\$ 3,275,361</u>
Supplemental disclosures of cash flow information		
Cash paid during the year for income taxes	<u>\$ 10,000</u>	<u>\$ 45,686</u>

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

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

**Notes to Financial Statements**

**June 30, 2019 and 2018**

**1. Summary of Significant Accounting Policies**

**Organization**

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

**Basis of Presentation**

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

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

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

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

**Estimates**

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

**Accounts Receivable**

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

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

**Notes to Financial Statements**

**June 30, 2019 and 2018**

**Pledges Receivable**

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

**Property and Equipment**

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

**Donated Assets**

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

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

**Contributions**

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

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

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

**Notes to Financial Statements**

**June 30, 2019 and 2018**

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

**Investments**

Investments are carried at fair value, and realized and unrealized gains and losses are reflected in the statements of activities and changes in net assets. Donated securities are recorded at their fair value on the date received from the donor.

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

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

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

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

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

*Time Horizon:* Long-term.

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

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

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

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**June 30, 2019 and 2018**

**Operating and Non-Operating Activities**

Maine Public reports its revenues and expenses as operating or non-operating activities in the statements of activities. Non-operating activities include contributions to the Board designated or donor-restricted endowment funds, investment gains and losses of the endowment funds and contributions to fund capital projects.

**Functional Allocation of Expenses**

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

**Income Taxes**

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

**Cash and Cash Equivalents**

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

**Newly Adopted Accounting Principle**

During the year ended June 30, 2019, Maine Public adopted Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*, which makes targeted changes to the not-for-profit financial reporting model. The ASU marks the completion of the first phase of a larger project aimed at improving not-for-profit financial reporting. Under the ASU, net asset reporting is streamlined and clarified. The existing three category classification of net assets is replaced with a simplified model that combines temporarily restricted and permanently restricted into a single category called "net assets with donor restrictions." The guidance for classifying deficiencies in endowment funds has also been simplified and clarified. New disclosures highlight restrictions on the use of resources that make otherwise liquid assets unavailable for meeting near-term financial requirements. The ASU also imposes several new requirements related to reporting expenses. The adoption of the ASU had no impact on previously reported total net assets.

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**Notes to Financial Statements**

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**2. Cash and Cash Equivalents**

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

**3. Pledges Receivable**

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

	<u>2019</u>	<u>2018</u>
Underwriting	\$ <b>1,306,936</b>	\$ 1,262,435
General	<b>96,432</b>	204,835
Capital campaign	<b>1,256,529</b>	2,102,070
Endowment	-	1,500
Charitable lead interest trust	<u><b>236,000</b></u>	<u>286,000</u>
	<b>2,895,897</b>	3,856,840
Less discount	<u><b>(66,246)</b></u>	<u>(76,546)</u>
Total unconditional promises to give	<u><b>\$ 2,829,651</b></u>	<u>\$ 3,780,294</u>
Amount due in:		
Less than one year	<b>\$ 1,877,651</b>	\$ 2,210,017
One to five years	<u><b>952,000</b></u>	<u>1,570,277</u>
	<u><b>\$ 2,829,651</b></u>	<u>\$ 3,780,294</u>

**4. Investments - Long-Term**

Maine Public's Board of Trustees has interpreted state law as requiring the preservation of the original gifts to donor-restricted endowment funds as net assets with donor restrictions of perpetual duration. Accordingly, except for explicit donor stipulations specifying reinvestment of some or all of income and appreciation, amounts not considered of perpetual duration are classified as net assets without donor restrictions until appropriated for expenditure. Maine Public's Finance Committee elected to spend \$190,000 from the total endowment for the years ended 2019 and 2018. These amounts were less than the amount allowed to be spent under Maine Public's spending policy.

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**Notes to Financial Statements**

**June 30, 2019 and 2018**

Maine Public's investments at June 30 consist of the following:

	<u>2019</u>	<u>2018</u>
Cash and money market accounts	\$ 191,180	\$ 119,376
U.S. government agency obligations	880,028	1,092,974
Corporate bonds	1,057,683	-
Mutual funds - fixed income	171,764	470,439
Mutual funds - equity securities	<u>4,397,251</u>	<u>4,675,406</u>
	<u>\$ 6,697,906</u>	<u>\$ 6,358,195</u>

Endowment net asset composition by type of fund as of June 30, 2019 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 608,294	\$ 608,294
Board designated endowment funds	<u>6,089,612</u>	-	<u>6,089,612</u>
Total funds	<u>\$ 6,089,612</u>	<u>\$ 608,294</u>	<u>\$ 6,697,906</u>

Endowment net asset composition by type of fund as of June 30, 2018 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 591,515	\$ 591,515
Board designated endowment funds	<u>5,766,600</u>	-	<u>5,766,600</u>
Total funds	<u>\$ 5,766,600</u>	<u>\$ 591,515</u>	<u>\$ 6,358,115</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or relevant state law requires Maine Public to retain as a fund of perpetual duration. There were no deficiencies of this nature as of June 30, 2019 and 2018.



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**June 30, 2019 and 2018**

Changes in endowment net assets for the year ended June 30, 2019 are, as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Beginning of year	\$ 5,766,600	\$ 591,595	\$ 6,358,195
Net gain	296,105	29,776	325,881
Contributions	199,662	4,168	203,830
Appropriation of endowment assets for expenditure	<u>(172,755)</u>	<u>(17,245)</u>	<u>(190,000)</u>
End of year	<u>\$ 6,089,612</u>	<u>\$ 608,294</u>	<u>\$ 6,697,906</u>

Changes in endowment net assets for the year ended June 30, 2018 are, as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Beginning of year	\$ 5,444,481	\$ 557,583	\$ 6,002,064
Investment return			
Interest and dividends	75,427	7,912	83,339
Net gain	344,499	35,174	379,673
Contributions	75,993	7,126	83,119
Appropriation of endowment assets for expenditure	<u>(173,800)</u>	<u>(16,200)</u>	<u>(190,000)</u>
End of year	<u>\$ 5,766,600</u>	<u>\$ 591,595</u>	<u>\$ 6,358,195</u>

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

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

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

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**June 30, 2019 and 2018**

As of June 30, 2019, Maine Public has working capital of \$5,794,104 and average days (based on normal expenditures) cash and cash equivalents on hand of 152.

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

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 3,680,996	\$ 2,920,042
Accounts and grants receivable	4,214	7,275
Pledges receivable within one year	1,877,651	2,210,017
Expected appropriation of donor-restricted endowment funds for use over the next 12 months	<u>190,000</u>	<u>190,000</u>
	<u>\$ 11,842,473</u>	<u>\$ 11,093,934</u>

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

Maine Public's goal is generally to maintain financial assets to meet three months of operating expenses (approximately \$3.5 million).

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

**6. Lines of Credit**

Maine Public has available two \$500,000 unsecured lines of credit with variable interest rates. There were no outstanding balances on the lines of credit at June 30, 2019 and 2018. The lines of credit expire in February and March 2020 and are subject to review at that time.

**7. Postretirement Benefits**

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

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In 1997, Maine Public offered to continue special benefits to its employees who elected voluntary retirement from employment by a specified period of time and notified Maine Public by October 30, 1997. Because a significant reduction in future years of service to fill eligibility of active participants has occurred, the offer of special termination benefits resulted in a plan curtailment. The accumulated postretirement benefit obligation at June 30, 2019 and 2018 was \$56,064 and \$63,664, respectively.

**8. Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, Maine Public uses various methods, including market, income and cost approaches. Based on these approaches, Maine Public often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. Maine Public utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, Maine Public is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

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

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**Notes to Financial Statements**

**June 30, 2019 and 2018**

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

<b>June 30, 2019</b>	<b><u>Total</u></b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>
Cash and money market accounts	\$ 191,180	\$ 191,180	\$ -	\$ -
U.S. government agency obligations	880,028	-	880,028	-
Corporate bonds	1,057,683	-	1,057,683	-
Mutual funds - fixed income	171,764	171,764	-	-
Mutual funds - equity securities	<u>4,397,251</u>	<u>4,397,251</u>	-	-
Total	<u>\$ 6,697,906</u>	<u>\$ 4,760,195</u>	<u>\$ 1,937,711</u>	<u>\$ -</u>
June 30, 2018	<b><u>Total</u></b>	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>
Cash and money market accounts	\$ 119,376	\$ 119,376	\$ -	\$ -
U.S. government agency obligations	1,092,974	-	1,092,974	-
Mutual funds - fixed income	470,439	470,439	-	-
Mutual funds - equity securities	<u>4,675,406</u>	<u>4,675,406</u>	-	-
Total	<u>\$ 6,358,195</u>	<u>\$ 5,265,221</u>	<u>\$ 1,092,974</u>	<u>\$ -</u>

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

**9. Retirement Plan**

Employees participate in a retirement plan under Section 403(b) of the tax code through Teachers Insurance and Annuity Association. Contributions for each annuity are made both by the participant and Maine Public. Maine Public contributes between 3% and 6.5% of an employee's salary on a graduated rate based upon an employee's contribution. Maine Public's contributions were approximately \$361,000 and \$349,000 in 2019 and 2018, respectively.

**10. Health Insurance Plan**

Maine Public's health plan is a self-insured vehicle with a stop-loss component. Claims are handled through an independent third party benefits administrator. In the fiscal years 2019 and 2018, Maine Public's reinsurance policy provided payment for per person annual claim costs in excess of \$55,000. Total net cost for claims, administration and stop loss insurance totaled approximately \$1,211,000 and \$1,157,000 for the years ended 2019 and 2018, respectively. The statement of financial position includes \$127,937 and \$132,784 of accrued medical claims as of June 30, 2019 and 2018, respectively.

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**Notes to Financial Statements**

**June 30, 2019 and 2018**

**11. Related Party**

Maine Public purchases various products and services from a related party. Maine Public was affiliated with said related party before incorporating in July 1992. Since then, the related party has maintained a position on Maine Public's Board of Trustees. The amount paid to the related party totaled approximately \$141,600 and \$109,700 during the years ended 2019 and 2018, respectively. The purchases included fuel, printing and telecommunication services.

**12. Net Assets with Donor Restrictions**

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

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose:		
Underwriting pledges	\$ 1,306,936	\$ 1,262,435
General	173,151	198,289
Capital campaigns	<u>3,200,286</u>	<u>2,032,070</u>
	<u>4,680,373</u>	<u>3,492,794</u>
Subject to the passage of time:		
Charitable lead interest trust	236,000	286,000
Endowment gains	<u>215,518</u>	<u>202,987</u>
	<u>451,518</u>	<u>488,987</u>
Endowment funds invested in perpetuity for which income is without donor restrictions to be used for operations	<u>392,776</u>	\$ <u>388,608</u>
Total net assets with donor restrictions	<u>\$ 5,524,667</u>	<u>\$ 4,370,389</u>

**13. Contingencies**

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

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**14. Leases**

Maine Public has an operating lease, dated November 2010, for its Portland facility. The lease requires monthly rental payments of \$7,707, plus property taxes, to be adjusted annually for inflation. The lease has an expiration date of November 2020.

Maine Public has operating leases for vehicles at various monthly payments.

Maine Public also has operating leases for land used for broadcast transmission equipment at various monthly payments. These leases are for terms through 2036 with annual payments ranging from \$300 to \$72,000.

The approximate minimum future rental commitment under the above operating leases is as follows:

Years Ending June 30:

2020	\$ 377,824
2021	213,995
2022	107,456
2023	67,336
2024	61,179
Thereafter	<u>415,822</u>
	<u>\$ 1,243,612</u>

Rent expense for the above leases for the years ended 2019 and 2018 was approximately \$375,000 and \$354,000, respectively.

**15. Subsequent Events**

Management has evaluated subsequent events through November 12, 2019, the date which the financial statements were available to be issued, and has not evaluated subsequent events after that date. There were no subsequent events that would require recognition or disclosure in the financial statements for the year ended June 30, 2019.