

NORTHERN MINNESOTA PUBLIC TELEVISION, INC.
BEMIDJI, MINNESOTA
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
SEPTEMBER 30, 2015 AND 2014

NORTHERN MINNESOTA PUBLIC TELEVISION, INC.
BEMIDJI, MINNESOTA
SEPTEMBER 30, 2015 AND 2014

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INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Northern Minnesota Public Television, Inc.
Bemidji, Minnesota 56601**

We have audited the accompanying financial statements of Northern Minnesota Public Television, Inc. (a non-profit organization), which comprise the statements of financial position as of September 30, 2015 and 2014, and the related statements of activities and cash flows for the years 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 accounting principles generally accepted in the United States of America; 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 Northern Minnesota Public Television, Inc. as of September 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 15 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 audit 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Miller McDonald, Inc.

January 26, 2016
Bemidji, Minnesota

NORTHERN MINNESOTA PUBLIC TELEVISION, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2015 AND 2014

ASSETS

	<u>2015</u>	<u>2014</u>
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 837,899	\$ 1,495,778
Accounts and Interest Receivable	76,124	34,322
Contributions Receivable, Current	59,161	133,438
Grants Receivable	96,911	96,977
Prepaid Expenses	435,983	8,938
Total Current Assets	<u>1,506,078</u>	<u>1,769,453</u>
 <u>Other Assets</u>		
Contributions Receivable	76,623	169,248
Endowment Investments	251,755	264,590
Total Other Assets	<u>328,378</u>	<u>433,838</u>
 <u>Property and Equipment</u>		
Land	92,754	92,754
Building and Leasehold Improvements	3,808,702	327,067
Antenna, Transmitter, and Other		
Broadcasting Equipment	7,005,246	7,666,271
Furniture, Fixtures, and		
Administrative Equipment	112,843	79,370
Construction In Progress	-	2,364,457
	<u>11,019,545</u>	<u>10,529,919</u>
Less: Accumulated Depreciation	<u>6,334,288</u>	<u>6,982,656</u>
Total Property and Equipment (net)	<u>4,685,257</u>	<u>3,547,263</u>
 <u>Total Assets</u>	 <u>\$ 6,519,713</u>	 <u>\$ 5,750,554</u>

LIABILITIES AND NET ASSETS

	<u>2015</u>	<u>2014</u>
<u>Current Liabilities</u>		
Accounts Payable	\$ 55,537	\$ 258,852
Accrued Payroll Taxes and Withholding	406	723
Accrued Payroll	43,748	38,870
Accrued PTO	79,007	82,896
Deferred Support and Revenues	381,038	319,428
Total Current Liabilities	<u>559,736</u>	<u>700,769</u>
<u>Net Assets</u>		
Unrestricted		
Operating	447,264	453,250
Board Designated - Endowment	251,755	264,590
Fixed Assets	4,685,257	3,547,263
Total Unrestricted	<u>5,384,276</u>	<u>4,265,103</u>
Temporarily Restricted	575,701	784,682
Total Net Assets	<u>5,959,977</u>	<u>5,049,785</u>
<u>Total Liabilities and Net Assets</u>	<u>\$ 6,519,713</u>	<u>\$ 5,750,554</u>

See Accompanying Notes to the Financial Statements.

NORTHERN MINNESOTA PUBLIC TELEVISION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	2015	2014
<u>Changes in Unrestricted Net Assets</u>		
<u>Support and Revenue</u>		
Contributions		
KAWE	\$ 211,227	\$ 215,323
KAWB	101,214	112,518
Other	75,865	83,212
Total Contributions	388,306	411,053
Community Service Grants		
Corporation for Public Broadcasting	741,735	721,661
Interconnect - CPB	12,645	13,004
State of Minnesota Grants	1,917,480	2,437,550
Private Foundation Grants	25,000	25,000
Other Grants	113,424	8,091
Endowment Contributions	-	20
Donations	20,119	40,108
Donated Professional Services	5,600	7,673
Production Income	80,716	88,898
Underwriting Income	382,757	387,923
Tower Rental	61,537	55,737
Interest Income	1,276	670
Investment Return	(9,880)	18,264
Other Income	675	33,865
Total Unrestricted Support and Revenues	3,741,390	4,249,517
Net Assets Released from Restrictions	304,473	381,491
Total Unrestricted Support and Reclassifications	4,045,863	4,631,008
 <u>Expenses and Losses</u>		
Program Services -		
Programming and Production	1,482,285	1,351,388
Broadcasting	599,623	626,984
Public Information and Promotion	155,896	131,261
Total Program Services	2,237,804	2,109,633
Supporting Services -		
Management and General	320,170	343,051
Fund Raising and Membership Development	238,232	249,892
Underwriting and Grant Solicitation	112,074	127,344
Total Supporting Services	670,476	720,287

See Accompanying Notes to the Financial Statements.

NORTHERN MINNESOTA PUBLIC TELEVISION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Loss on Asset Disposals	18,410	82,772
Total Unrestricted Expenses and Losses	2,926,690	2,912,692
<u>Increase in Unrestricted Net Assets</u>	<u>1,119,173</u>	<u>1,718,316</u>
<u>Changes in Temporarily Restricted Net Assets</u>		
Building Fund	95,492	170,623
Net Assets Released from Restriction	(304,473)	(381,491)
<u>Increase (Decrease) in Temporarily Restricted Net Assets</u>	<u>(208,981)</u>	<u>(210,868)</u>
Increase in Net Assets	910,192	1,507,448
<u>Net Assets at Beginning of Year</u>	<u>5,049,785</u>	<u>3,542,337</u>
<u>Net Assets at End of Year</u>	<u>\$ 5,959,977</u>	<u>\$ 5,049,785</u>

See Accompanying Notes to the Financial Statements.

NORTHERN MINNESOTA PUBLIC TELEVISION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2015 AND 2014

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	<u>2015</u>	<u>2014</u>
<u>Cash Flows from Operating Activities</u>		
Change in Net Assets	\$ 910,192	\$ 1,507,448
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	440,324	460,293
(Gain) Loss on Fixed Asset Disposals	18,410	82,772
Realized (Gain) Loss on Investments	3,179	(1,648)
Unrealized (Gain) Loss on Investments	20,401	(7,340)
(Increase) Decrease in Operating Assets:		
Accounts and Interest Receivable	(41,802)	(6,329)
Prepaid Expenses	(427,045)	(3,250)
Contributions Receivable	166,902	206,886
Grants Receivable	66	(4,663)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(203,315)	258,852
Accounts Payroll Taxes and Withholdings	(317)	(8,868)
Accrued Payroll	4,878	(899)
Accrued PTO	(3,889)	4,584
Deferred Support and Revenues	61,610	268,043
Net Cash Provided by (Used in) Operating Activities	<u>949,594</u>	<u>2,755,881</u>
<u>Cash Flows from Investing Activities</u>		
Purchases of Property and Equipment	(1,596,729)	(2,163,610)
Proceeds from Sale of Equipment	-	1,000
Purchases of Endowment Investments	(102,031)	(54,247)
Proceeds from Sales of Endowment Investments	<u>91,287</u>	<u>47,826</u>
Net Cash Provided by (Used in) Investing Activities	<u>(1,607,473)</u>	<u>(2,169,031)</u>
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	(657,879)	586,850
<u>Cash and Cash Equivalents, Beginning of Year</u>	<u>1,495,778</u>	<u>908,928</u>
<u>Cash and Cash Equivalents, End of Year</u>	<u>\$ 837,899</u>	<u>\$ 1,495,778</u>

See Accompanying Notes to the Financial Statements.

NORTHERN MINNESOTA PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND 2014

1. **Summary of Significant Accounting Policies**

Organization – The Organization is a nonprofit Minnesota Corporation which operates two non-commercial public television stations (KAWE and KAWB) in Bemidji and Brainerd, Minnesota. The Organization's support comes primarily from public contributions, underwriting, and grants. Approximately 19% and 16% of the Organization's unrestricted support and reclassifications came from the Corporation for Public Broadcasting for the years ended September 30, 2015 and 2014, respectively. Approximately 31% and 38% of unrestricted support and reclassifications for the years ended September 30, 2015 and 2014 came from a Minnesota Department of Economic Development grant, used in part to fund the Organization's building project.

Basis of Accounting – The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation - The Organization reports information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted Net Assets – not subject to donor-imposed restrictions. The Board of Directors has discretionary control to carry out the activities of the Organization.

Temporarily Restricted Net Assets – subject to donor-imposed restrictions that will be met either by actions of the Organization or by the passage of time. As of September 30, 2015 and 2014, the Organization had \$575,701 and \$784,682 temporarily restricted net assets for the building fund, respectively.

Permanently Restricted Net Assets – subject to donor-imposed restrictions that they be maintained permanently by the Organization.

Cash and Cash Equivalents – For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Revenue Recognition – Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

NORTHERN MINNESOTA PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND 2014

1. **Summary of Significant Accounting Policies - Continued**

In-Kind Contributions and Donated Personal Services – In-kind contributions and donated personal services are recorded as revenue and expense in the accompanying statements of activity. Donated professional services are also recorded at estimated fair value based upon standard valuation rate and job classifications developed by the Corporation for Public Broadcasting (CPB). For the years ended September 30, 2015 and 2014, the value of contributed services meeting the requirements for recognition in the financial statements were \$5,600 and \$7,673, respectively.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Capital Assets – Capital asset purchases are capitalized at cost. It is the Organization's policy to capitalize expenditures for these items, with a \$1,500 minimum threshold. Depreciation is recorded on the straight-line method over the estimated useful lives of the assets from three to forty years.

Income Taxes – The Organization has been classified as an other-than private foundation and is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. The Organization is subject to a tax on income from any unrelated business.

The Organization follows the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at September 30, 2015 and 2014.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to fiscal year 2013.

The Organization's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

NORTHERN MINNESOTA PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND 2014

1. **Summary of Significant Accounting Policies – Continued**

Accounts and Contributions Receivable – Accounts and contributions receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collections efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for doubtful accounts for the years ended September 30, 2015 and 2014 was \$8,891 and \$11,604, respectively.

Investments - Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Advertising – The Organization expenses advertising costs as incurred. Advertising expense for the years ended September 30, 2015 and 2014 was \$23,952 and \$16,498, respectively.

Reclassifications – Certain reclassifications have been made to the 2014 financial statement presentation to conform with the current year’s format. Net assets and changes in net assets are unchanged due to these reclassifications.

Date of Management’s Review – In preparing these financial statements, the Organization evaluated events and transactions for potential recognition or disclosure through January 26, 2016, the date the financial statements were available to be issued.

2. **Contributions Receivable**

Contributions Receivable at September 30, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Receivable in less than one year	\$ 68,052	\$ 145,042
Receivable in one to five years	80,000	179,344
Receivable before discounts and allowance	148,052	324,386
Less discounts to present value	(3,377)	(10,096)
Less allowance for uncollectible contributions	(8,891)	(11,604)
Net Contributions at September 30	<u>\$ 135,784</u>	<u>\$ 302,686</u>

NORTHERN MINNESOTA PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND 2014

2. **Contributions Receivable** – (Continued)

Contributions receivable over more than one year are discounted at the Mid-Term Applicable Federal Rate at year-end when material. There were no new contributions discounted for the year ended September 30, 2015. Multi-year contributions received during the year ended September 30, 2012 were discounted at 2.18%.

Approximately 56% of total contributions receivable is due from a private foundation under a five year pledge at September 30, 2015.

3. **Endowment Investments**

As of September 22, 2004, the Board of Directors approved the formation of an endowment fund, and designated \$120,000 of unrestricted net assets to be transferred to the newly created fund in order to support the mission of the Organization. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets.

Since the inception of the endowment fund, contributions have occasionally been added to the endowment fund. In addition, since the inception of the fund, the Board decided that the possible use of any proceeds of the endowment fund would be decided annually. To date, the Board has elected not to use any of the proceeds of the fund, but rather to re-invest 100% of any gains to provide additional real growth through investment return.

To achieve that objective, the Organization has adopted the total rate of return investment policy that emphasizes both capital appreciation and income. Consideration is also given to increasing the level of income to offset the effect of inflation. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk. Moderate market value volatility is expected.

Composition of and changes in endowment net assets, at market value, for the years ended September 30, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Endowment Net Assets, Beginning of Year	\$ 264,590	\$ 249,179
Investment Income, Net of Fees	10,745	6,403
Contributions	-	20
Unrealized Gains (Losses)	(20,401)	7,340
Realized Gains (Losses)	(3,179)	1,648
Endowment Net Assets, End of Year	<u>\$ 251,755</u>	<u>\$ 264,590</u>

NORTHERN MINNESOTA PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND 2014

3. Endowment Investments – Continued

The Organization's investments at September 30, 2015 and 2014 consist of mutual funds that are classified as Level I investments where fair market value is determined by quoted prices in active markets for identical assets as follows:

<u>Name</u>	<u>2015</u>		<u>2014</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
SIMT Small Cap A	\$ 7,203	\$ 7,305	\$ 9,635	\$ 10,432
SIMT Large Cap A	51,605	57,291	49,643	61,486
SIMT U.S. Fixed Income A	68,313	67,867	58,347	57,593
SIMT High Yield Bond A	13,505	12,446	15,686	15,751
SEI Int'l Equity Fd A	-	-	20,930	23,131
Sit. Emerging Markets Debt Fd A	9,246	7,385	14,374	12,889
Federated Strategic Val Div Is	6,562	7,654	8,177	10,390
Absolute Strategies Fund	-	-	10,637	10,785
SEI Multi Asset Accumulation Fd	-	-	20,277	21,007
SEI Multi Asset Infl Managed Fd	11,474	10,231	11,026	10,470
SEI Multi Asset Income Fd	10,303	10,155	8,024	7,962
Oppenheimer Developing Mkt-Y	10,015	7,458	8,060	7,655
John Hancock Funds II - Global Abs. Ret.	23,188	23,013	13,287	13,635
Dodge & Cox Int'l Stock Fund	23,111	19,747	-	-
Oppenheimer Int'l Small Co-Y	4,436	5,026	-	-
Credit Suisse Commodity Ret. Strat. I	5,121	5,131	-	-
T Rowe Price Real Estate Fund	5,121	5,141	-	-
Tortoise MLP & Pipeline Fund	6,645	4,680	-	-
Cash	18	18	29	29
Federated Govt Obligations	1,207	1,207	1,375	1,375
	<u>\$ 257,073</u>	<u>\$ 251,755</u>	<u>\$ 249,507</u>	<u>\$ 264,590</u>

Investment return is summarized as follows:

	<u>Unrestricted</u>	
	<u>2015</u>	<u>2014</u>
Interest, Dividends, Capital Gain Distributions	\$ 13,700	\$ 9,276
Realized Gain (Loss)	(3,179)	1,648
Unrealized Gain (Loss)	(20,401)	7,340
	<u>\$ (9,880)</u>	<u>\$ 18,264</u>

NORTHERN MINNESOTA PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND 2014

4. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of temporary cash investments and deposits in excess of insured limits.

The Organization maintains its cash in various checking, money market accounts, and certificates of deposits that, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts.

5. Accrued Paid Time Off

Employees have a maximum amount of PTO that can be accrued and paid out to them upon separation of employment. The actual liability to the Organization is the lesser of an employee's hours actually built up, or the maximum hours that could be paid out based on the number of years employed. The PTO accrued at September 30, 2015 and 2014 was \$79,007 and \$82,896, respectively. See Note 10.

6. Lease Commitment and Rent Expense

The Organization entered into a five-year lease agreement with Paskvan Real Estate, LLP for tower sites. Rent expense related to the lease for each of the years ended September 30, 2015 and 2014, totaled \$3,900 each year. Future lease payments (excluding real estate taxes) for each of the following three years will be \$3,900 per year.

The Organization entered into a five-year lease agreement for office space beginning September 1, 2013. Rent expense for the years ended September 30, 2015 and 2014, totaled \$10,200 each year. Future minimum lease payments will be \$10,200 for the next two years and \$9,350 in the final year.

The Organization entered into a ten-year lease agreement with the Minnesota Department of Natural Resources for a tower site beginning April 1, 2007. Rent expense for each of the years ended September 30, 2015 and 2014 totaled \$7,200. Future minimum lease payments will be \$7,200 for the next one year.

Future minimum lease payments are as follows:

2016	\$ 21,300
2017	14,100
2018	<u>13,250</u>
	<u><u>\$ 48,650</u></u>

NORTHERN MINNESOTA PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND 2014

6. Lease Commitment and Rent Expense - Continued

The Organization entered into a ten-year lease, with annual review, under a “services in kind” arrangement with the State of Minnesota. The lease was cancelled during the year ended September 30, 2015 because the Organization moved its offices to the newly built location, which it owns. Rent expense for the years ended September 30, 2015 and 2014 totaled \$30,133 and \$51,657, respectively.

7. Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Expenditures for repairs and maintenance are charged to operations as incurred. The estimated useful lives and accumulated depreciation balances at September 2015 and 2014, are as follows:

	<u>Estimated Useful Lives</u>	<u>Accumulated Depreciation</u>	
		<u>2015</u>	<u>2014</u>
Building and Leasehold Improvements	6 to 40 Years	\$ 363,148	\$ 326,367
Antenna, Transmitter, and Other Broadcasting Equipment	5 to 15 Years	5,936,034	6,586,315
Furniture, Fixtures, and Administrative Equipment	3 to 7 Years	<u>35,106</u>	<u>69,974</u>
		<u>\$ 6,334,288</u>	<u>\$ 6,982,656</u>

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

8. Tax Deferred Annuity Plan

The Organization maintains a defined contribution pension plan as defined under Section 401(k) of the U.S. Internal Revenue Code. The plan covers employees 18 or older. The Organization currently provides a 50% match of an employee’s contribution up to 1.25%. Employees are immediately vested in both employer and employee contributions. Employer contribution expenses for the years ended September 30, 2015 and 2014 were \$8,879 and \$8,269, respectively.

NORTHERN MINNESOTA PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015 AND 2014

9. Commitments and Contingencies

The Organization participates in numerous State and Federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Organization has not complied with the rules and regulations governing the grants, refunds of any money received may be required, and the collectability of any related receivable at September 30, 2015 may be impaired. In the opinion of the Organization, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

The Organization was involved in a building construction project, which was completed during the year ended September 30, 2015. The balance to finish the contracts outstanding at September 30, 2015, was a retainage in the amount of \$15,220.

10. Subsequent Event

Subsequent to year-end, the Organization paid down excess PTO earned by any employee for hours over 320 at fifty percent of its value. The total amount of PTO paid was \$54,603.

NORTHERN MINNESOTA PUBLIC TELEVISION, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2015
(With Comparative Totals For Year Ended September 30, 2014)

	<u>Program Services</u>			<u>Total Program Services</u>
	<u>Programming and Production</u>	<u>Broadcasting</u>	<u>Public Information and Promotion</u>	
Salaries	\$ 530,252	\$ 127,906	\$ 44,171	\$ 702,329
Salary Related Benefits	143,529	34,553	10,632	188,714
Donated Professional Services	-	-	-	-
Supplies and Postage	17,751	22,767	4,548	45,066
Telephone	1,827	-	-	1,827
Travel and Conferences	3,113	282	-	3,395
Utilities	9,814	50,494	1,766	62,074
Professional Services	9,116	-	4,316	13,432
Equipment Maintenance and Repair	3,878	30,503	-	34,381
Insurance	18,636	21,849	1,072	41,557
Printing and Publications	-	-	53,612	53,612
Membership Fees and Dues	14,748	17,192	-	31,940
Advertising and Promotion	-	-	23,952	23,952
Program Acquisitions	417,003	-	-	417,003
Program Production Costs	99,966	29,422	-	129,388
Office and Tower Site Rental	22,392	15,017	1,205	38,614
Special Events	-	-	-	-
Recruitment, Research, & Promotion Costs	-	-	-	-
Miscellaneous	21,859	7,869	3,935	33,663
Fund Raising Expenses	-	-	-	-
Depreciation	168,401	241,769	6,687	416,857
	<u>\$ 1,482,285</u>	<u>\$ 599,623</u>	<u>\$ 155,896</u>	<u>\$ 2,237,804</u>

Supporting Services					
Management and General	Fund-Raising and Membership Development	Underwriting and Grant Solicitation	Total Supporting Services	2015	2014 Totals
\$ 152,209	\$ 58,523	\$ 72,608	\$ 283,340	\$ 985,669	\$ 1,005,417
39,869	15,948	21,263	77,080	265,794	263,826
5,600	-	-	5,600	5,600	7,673
10,701	12,480	87	23,268	68,334	27,175
18,414	-	-	18,414	20,241	19,038
2,123	2,144	4,234	8,501	11,896	27,151
2,355	2,156	-	4,511	66,585	47,462
13,966	-	-	13,966	27,398	29,380
19,145	-	-	19,145	53,526	56,275
1,527	850	929	3,306	44,863	39,079
346	12,351	5,450	18,147	71,759	58,884
19,708	-	-	19,708	51,648	44,270
-	-	-	-	23,952	16,498
-	-	-	-	417,003	409,749
-	-	-	-	129,388	102,738
8,600	1,808	2,411	12,819	51,433	72,957
-	15,169	-	15,169	15,169	27,506
953	-	-	953	953	541
11,372	5,622	-	16,994	50,657	5,192
-	106,088	-	106,088	106,088	108,816
13,282	5,093	5,092	23,467	440,324	460,293
<u>\$ 320,170</u>	<u>\$ 238,232</u>	<u>\$ 112,074</u>	<u>\$ 670,476</u>	<u>\$ 2,908,280</u>	<u>\$ 2,829,920</u>