

NORTHERN MINNESOTA PUBLIC TELEVISION, INC.
BEMIDJI, MINNESOTA
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
SEPTEMBER 30, 2018 AND 2017

NORTHERN MINNESOTA PUBLIC TELEVISION, INC.
BEMIDJI, MINNESOTA
SEPTEMBER 30, 2018 AND 2017

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Northern Minnesota Public Television, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2018 and 2017, 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, 2018 and 2017, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 15-16 are presented for purposes of additional analysis and are 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 7, 2019
Bemidji, Minnesota

NORTHERN MINNESOTA PUBLIC TELEVISION, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 152,270	\$ 70,585
Certificate of Deposit	-	101,002
Accounts Receivable	18,152	24,215
Contributions Receivable, net	51,372	48,358
Grants Receivable	117,938	117,823
Prepaid Expenses	396,472	387,356
Total Current Assets	<u>736,204</u>	<u>749,339</u>
<u>Property and Equipment</u>		
Land	92,754	92,754
Building and Leasehold Improvements	3,837,719	3,808,702
Antenna, Transmitter, and Other		
Broadcasting Equipment	6,356,724	6,589,822
Furniture, Fixtures, and		
Administrative Equipment	104,576	104,576
	<u>10,391,773</u>	<u>10,595,854</u>
Less: Accumulated Depreciation	6,639,351	6,620,772
Total Property and Equipment (net)	<u>3,752,422</u>	<u>3,975,082</u>
<u>Other Assets</u>		
Investments	746,029	708,318
<u>Total Assets</u>	<u>\$ 5,234,655</u>	<u>\$ 5,432,739</u>

LIABILITIES AND NET ASSETS

	<u>2018</u>	<u>2017</u>
<u>Current Liabilities</u>		
Accounts Payable	\$ 3,000	\$ 7,200
Accrued Payroll, Taxes, and Withholdings	55,203	54,018
Deferred Support and Revenues	23,550	17,520
Refundable Grant Advances	13,116	-
Total Current Liabilities	<u>94,869</u>	<u>78,738</u>
<u>Long-Term Liabilities</u>		
Accrued PTO	<u>83,102</u>	<u>74,509</u>
<u>Net Assets</u>		
Unrestricted		
Operating	663,782	651,896
Board Designated - Endowment	315,106	290,496
Property and Equipment	3,752,422	3,975,082
Total Unrestricted	<u>4,731,310</u>	<u>4,917,474</u>
Temporarily Restricted	325,374	362,018
Total Net Assets	<u>5,056,684</u>	<u>5,279,492</u>
<u>Total Liabilities and Net Assets</u>	<u>\$ 5,234,655</u>	<u>\$ 5,432,739</u>

See Accompanying Notes to Financial Statements.

NORTHERN MINNESOTA PUBLIC TELEVISION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>Changes in Unrestricted Net Assets</u>		
<u>Unrestricted Revenue, Gains, and Other Support</u>		
Contributions		
KAWE	\$ 235,940	\$ 211,683
KAWB	107,902	97,229
Other	78,716	67,216
Total Contributions	<u>422,558</u>	<u>376,128</u>
Corporation for Public Broadcasting		
Community Service Grants and Supplemental Interconnect	800,919	823,110
State of Minnesota Grants	12,301	12,608
Private Foundation Grants	660,927	664,926
Other Grants	25,000	30,000
Development and Special Events	48,803	-
Donated Professional Services	31,715	38,612
Production Income	5,700	6,105
Underwriting Income	50,060	57,561
Tower Rental	273,505	348,849
Interest Income	71,286	69,467
Investment Return	3,297	3,183
Other Income	37,711	38,878
Total Unrestricted Revenue, Gains, and Other Support	<u>2,444,630</u>	<u>2,471,584</u>
Net Assets Released from Restrictions	36,644	85,788
Total Unrestricted Revenues	<u>2,481,274</u>	<u>2,557,372</u>
<u>Expenses</u>		
Program Services -		
Programming and Production	1,316,131	1,412,007
Broadcasting	552,316	575,472
Public Information and Promotion	103,868	134,287
Total Program Services	<u>1,972,315</u>	<u>2,121,766</u>
Supporting Services -		
Management and General	317,968	311,174
Fund-Raising and Membership Development	295,643	255,974
Underwriting and Grant Solicitation	81,512	105,614
Total Supporting Services	<u>695,123</u>	<u>672,762</u>
Total Expenses	<u>2,667,438</u>	<u>2,794,528</u>

NORTHERN MINNESOTA PUBLIC TELEVISION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>Increase (Decrease) in Unrestricted Net Assets</u>	<u>(186,164)</u>	<u>(237,156)</u>
<u>Changes in Temporarily Restricted Net Assets</u>		
Net Assets Released from Restriction	<u>(36,644)</u>	<u>(85,788)</u>
<u>Increase (Decrease) in Net Assets</u>	<u>(222,808)</u>	<u>(322,944)</u>
<u>Net Assets at Beginning of Year</u>	<u>5,279,492</u>	<u>5,602,436</u>
<u>Net Assets at End of Year</u>	<u>\$ 5,056,684</u>	<u>\$ 5,279,492</u>

See Accompanying Notes to Financial Statements.

NORTHERN MINNESOTA PUBLIC TELEVISION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	2018	2017
<u>Cash Flows from Operating Activities</u>		
Increase (Decrease) in Net Assets	\$ (222,808)	\$ (322,944)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	269,679	358,703
Realized (Gain) Loss on Investments	(2,876)	6,516
Unrealized (Gain) Loss on Investments	(17,279)	(29,766)
(Increase) Decrease in Operating Assets:		
Accounts Receivable	6,063	12,795
Prepaid Expenses	(9,116)	(366,128)
Contributions Receivable	(3,014)	(1,738)
Grants Receivable	(115)	(9,381)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(4,200)	(8,604)
Accrued Payroll, Taxes, and Withholdings	1,185	929
Accrued PTO	8,593	(2,866)
Deferred Support and Revenues	6,030	(302,197)
Refundable Grant Advances	13,116	-
Net Cash Provided by (Used in) Operating Activities	45,258	(664,681)
<u>Cash Flows from Investing Activities</u>		
Purchases of Property and Equipment	(47,019)	(27,536)
Purchase of Certificate of Deposit	(1,013)	(1,002)
Redemption of Certificate of Deposit	102,015	-
Purchases of Investments	(35,185)	(423,577)
Proceeds from Sales of Investments	17,629	316,288
Net Cash Provided by (Used in) Investing Activities	36,427	(135,827)
<u>Cash Flows from Financing Activities</u>		
Proceeds from Line of Credit	150,000	-
Repayment of Line of Credit	(150,000)	-
Net Cash Provided by (Used in) Financing Activities	-	-
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	81,685	(800,508)
<u>Cash and Cash Equivalents, Beginning of Year</u>	70,585	871,093
<u>Cash and Cash Equivalents, End of Year</u>	\$ 152,270	\$ 70,585

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash Paid for Interest	\$ 444	\$ -
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See Accompanying Notes to Financial Statements.

NORTHERN MINNESOTA PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

1. **Summary of Significant Accounting Policies**

Organization – Northern Minnesota Public Television, Inc. (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 33% of the Organization's unrestricted support and reclassifications came from the Corporation for Public Broadcasting for the years ended September 30, 2018 and 2017, respectively. Approximately 27% and 26% of unrestricted support and reclassifications for the years ended September 30, 2018 and 2017 came from various grants from the State of Minnesota.

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 over 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, 2018 and 2017, the Organization had \$325,374 and \$362,018 in temporarily restricted net assets, respectively.

Permanently Restricted Net Assets – subject to donor-imposed restrictions that they be maintained permanently by the Organization. The Organization has no permanently restricted net assets as of September 30, 2018 and 2017.

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, 2018 AND 2017

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

Donated Goods, Facilities, and Professional Services – Donated goods, facilities, and professional services are recognized as unrestricted revenue when received and an equal amount of expense is recognized in various expense categories on the statement of activities. Donated professional services are recorded at estimated fair value if they create or enhance a non-financial asset or require specialized skills and are performed by people with those skills and would otherwise be purchased. For the years ended September 30, 2018 and 2017, the value of contributed services meeting the requirements for recognition in the financial statements were \$5,700 and \$6,105, respectively.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Expenditures for repairs and maintenance are expensed as incurred. Donated capital assets are recorded at fair value at the date contributed. 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.

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 unrelated business income.

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, 2018 and 2017.

NORTHERN MINNESOTA PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

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

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

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

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, 2018 and 2017 was \$11,824 and \$8,970, respectively.

Investments - Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values based on quoted prices in active markets (all Level 1 measurements) in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the statement of activities. 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, 2018 and 2017 was \$24,832 and \$14,825, respectively.

Functional Allocation of Expenses – The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Reclassifications – Certain amounts reported in the prior year have been reclassified to conform with the current year's presentation with no effect on previously reported change in net assets.

Date of Management's Review – In preparing these financial statements, the Organization evaluated events and transactions for potential recognition or disclosure through January 7, 2019, the date the financial statements were available to be issued.

NORTHERN MINNESOTA PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

2. Contributions Receivable

Contributions receivable at September 30, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Receivable in less than one year	\$ 63,196	\$ 57,328
Less allowance for uncollectible contributions	<u>(11,824)</u>	<u>(8,970)</u>
Net Contributions at September 30	<u>\$ 51,372</u>	<u>\$ 48,358</u>

Contributions receivable over one year are discounted at the Mid-Term Applicable Federal Rate at year-end when material. There were no new contributions discounted for the years ended September 30, 2018 and 2017.

3. Endowment and Investments

As part of its investment portfolio, on 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.

NORTHERN MINNESOTA PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

3. **Endowment and Investments** – Continued

Composition of and changes in endowment net assets, at market value, for the years ended September 30, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Endowment Net Assets, Beginning of Year	\$ 290,496	\$ 255,785
Investment Income, Net of Fees	6,516	6,561
Unrealized Gains (Losses)	16,415	28,221
Realized Gains (Losses)	1,679	(71)
Endowment Net Assets, End of Year	<u>\$ 315,106</u>	<u>\$ 290,496</u>

The Organization's investments consist of exchange traded funds (ETFs) and are classified as Level 1 investments where fair market value is determined by quoted prices in active markets for identical assets. At September 30, 2018 and 2017 they are as follows:

<u>Name</u>	<u>2018</u>		<u>2017</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
ETFs - Endowment	\$ 269,953	\$ 315,106	\$ 261,758	\$ 290,496
ETFs	418,667	430,923	406,430	417,822
	<u>\$ 688,620</u>	<u>\$ 746,029</u>	<u>\$ 668,188</u>	<u>\$ 708,318</u>

Investment return is summarized as follows:

	<u>Unrestricted</u>	
	<u>2018</u>	<u>2017</u>
Interest, Dividends, Capital Gain Distributions	\$ 17,556	\$ 15,628
Realized Gain (Loss)	2,876	(6,516)
Unrealized Gain (Loss)	17,279	29,766
	<u>\$ 37,711</u>	<u>\$ 38,878</u>

4. **Certificate of Deposit**

The Organization held a certificate of deposit at a bank bearing interest at 1%, which matured May of 2018. Cost approximated market value.

NORTHERN MINNESOTA PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

5. 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.

6. 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, 2018 and 2017 was \$83,102 and \$74,509, respectively.

7. Lease Commitments and Rent Expense

The Organization entered into a five-year lease agreement with Paskvan Real Estate, LLP for tower sites. The lease provisions provide for automatic renewal for up to three five-year terms, and can be cancelled by either party with proper written notice prior to the proposed termination date. The initial term expires June 1, 2019. Rent expense related to the lease for each of the years ended September 30, 2018 and 2017, totaled \$3,900. Future lease payments on the current commitment for the following year will be \$1,950.

The Organization entered into a five-year lease agreement for office space beginning February 1, 2017. Rent expense for the years ended September 30, 2018 and 2017 totaled \$10,200 each year. Future minimum lease payments for the following year will be \$10,200.

The Organization entered into a ten-year lease agreement with the Minnesota Department of Natural Resources for a tower site beginning April 1, 2017. Rent expense for the years ended September 30, 2018 and 2017 totaled \$14,400 and \$7,200, respectively. Future minimum lease payments will be \$21,216 for 2019. Years 2020-2027 will consist of a base fee of \$2,760 plus a 2% increase beginning in 2021, along with an annual equipment fee of \$19,754. The equipment fee is subject to change each year based on actual pieces of equipment reported.

NORTHERN MINNESOTA PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

7. Lease Commitments and Rent Expense – Continued

Future minimum lease payments for the years ending September 30 are as follows:

2019	\$ 33,366
2020	32,714
2021	32,770
2022	26,026
2023	22,683
Thereafter	<u>91,331</u>
	<u>\$ 238,890</u>

8. Property and Equipment

The estimated useful lives and accumulated depreciation balances at September 2018 and 2017, are as follows:

	Estimated Useful Lives	Accumulated Depreciation	
		<u>2018</u>	<u>2017</u>
Building and Leasehold Improvements	6 to 40 Years	\$ 626,369	\$ 538,828
Antenna, Transmitter, and Other Broadcasting Equipment	5 to 15 Years	5,950,017	6,031,535
Furniture, Fixtures, and Administrative Equipment	3 to 7 Years	<u>62,965</u>	<u>50,409</u>
		<u>\$6,639,351</u>	<u>\$6,620,772</u>

9. Line of Credit

The Organization has an agreement with a bank, whereby the Organization has an available line of credit to borrow up to \$150,000 for operating capital. The current agreement expires October 15, 2019 with variable interest at the bank's base rate. The line of credit is secured by securities held in one of the Organization's brokerage accounts. The balance outstanding at September 30, 2018 and 2017 was \$0.

10. Nonmonetary Transactions

The Organization enters into nonmonetary trade transactions to provide program underwriting for operating expenses such as advertising and supplies. Revenue and expenses are recognized at fair value of the item or service being received, and no gain or loss is recognized. Underwriting revenue and related expenses totaled \$36,748 and \$27,317 for the years ended September 30, 2018 and 2017, respectively.

NORTHERN MINNESOTA PUBLIC TELEVISION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

11. Retirement 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 expense for the years ended September 30, 2018 and 2017 totaled \$10,507 and \$9,968, respectively.

12. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of contributions to the Organization's Program Future fund to be used for new programming initiatives and future expansion needs.

13. 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, 2018 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.

NORTHERN MINNESOTA PUBLIC TELEVISION, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2018

	Program Services			
	Programming and Production	Broadcasting	Public Information and Promotion	Total Program Services
Salaries	\$ 525,731	\$ 160,546	\$ 46,916	\$ 733,193
Salary Related Benefits	123,937	37,940	10,117	171,994
Donated Professional Services	-	-	-	-
Supplies and Postage	3,828	9,123	1,462	14,413
Telephone	9,234	2,491	1,621	13,346
Travel and Conferences	2,491	2,125	-	4,616
Utilities	10,606	54,373	2,807	67,786
Professional Services	13,321	7,343	5,093	25,757
Equipment Maintenance and Repair	19,019	23,754	799	43,572
Insurance	17,284	21,079	1,496	39,859
Printing and Publications	-	-	-	-
Membership Fees and Dues	16,328	-	-	16,328
Advertising and Promotion	-	-	24,832	24,832
Program Acquisitions	402,324	-	-	402,324
Program Production Costs	75,491	27,455	-	102,946
Office and Tower Site Rental	6,120	18,300	-	24,420
Special Events	-	-	-	-
Miscellaneous	-	-	-	-
Fund-Raising Expenses	-	-	-	-
Subawards	-	48,803	-	48,803
Depreciation	90,417	138,984	8,725	238,126
	<u>\$ 1,316,131</u>	<u>\$ 552,316</u>	<u>\$ 103,868</u>	<u>\$ 1,972,315</u>

Supporting Services

Management and General	Fund-Raising and Membership Development	Underwriting and Grant Solicitation	Total Supporting Services	Total
\$ 170,696	\$ 124,868	\$ 52,844	\$ 348,408	\$ 1,081,601
37,940	30,352	12,647	80,939	252,933
5,700	-	-	5,700	5,700
8,709	17,188	48	25,945	40,358
1,997	1,621	1,997	5,615	18,961
2,864	498	3,315	6,677	11,293
3,743	3,431	-	7,174	74,960
15,722	-	-	15,722	41,479
8,602	977	2,624	12,203	55,775
2,188	3,640	1,206	7,034	46,893
-	11,870	-	11,870	11,870
35,241	-	-	35,241	51,569
-	-	-	-	24,832
-	-	-	-	402,324
-	-	-	-	102,946
4,080	-	-	4,080	28,500
-	27,679	-	27,679	27,679
2,595	839	-	3,434	3,434
-	65,849	-	65,849	65,849
-	-	-	-	48,803
17,891	6,831	6,831	31,553	269,679
\$ 317,968	\$ 295,643	\$ 81,512	\$ 695,123	\$ 2,667,438

NORTHERN MINNESOTA PUBLIC TELEVISION, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2017

	Program Services			Total Program Services
	Programming and Production	Broadcasting	Public Information and Promotion	
Salaries	\$ 541,804	\$ 177,478	\$ 39,807	\$ 759,089
Salary Related Benefits	128,683	41,178	10,295	180,156
Donated Professional Services	-	-	-	-
Supplies and Postage	10,675	4,717	1,329	16,721
Telephone	10,797	2,490	1,673	14,960
Travel and Conferences	4,117	2,164	-	6,281
Utilities	11,965	54,479	3,167	69,611
Professional Services	12,752	7,343	4,343	24,438
Equipment Maintenance and Repair	20,677	34,108	1,116	55,901
Insurance	18,224	21,671	1,164	41,059
Printing and Publications	-	-	47,769	47,769
Membership Fees and Dues	15,785	-	-	15,785
Advertising and Promotion	-	-	14,825	14,825
Program Acquisitions	422,171	-	-	422,171
Program Production Costs	81,020	27,508	-	108,528
Office and Tower Site Rental	6,120	11,100	-	17,220
Special Events	-	-	-	-
Recruitment, Research, and Promotion Costs	-	-	-	-
Miscellaneous	-	-	-	-
Fund-Raising Expenses	-	-	-	-
Depreciation	127,217	191,236	8,799	327,252
	<u>\$ 1,412,007</u>	<u>\$ 575,472</u>	<u>\$ 134,287</u>	<u>\$ 2,121,766</u>

<u>Supporting Services</u>				
<u>Management and General</u>	<u>Fund-Raising and Membership Development</u>	<u>Underwriting and Grant Solicitation</u>	<u>Total Supporting Services</u>	<u>Total</u>
\$ 161,411	\$ 90,689	\$ 65,160	\$ 317,260	\$ 1,076,349
38,605	20,589	18,016	77,210	257,366
6,105	-	-	6,105	6,105
10,566	15,222	77	25,865	42,586
2,144	1,673	2,144	5,961	20,921
9,285	5,614	7,051	21,950	28,231
4,223	3,872	-	8,095	77,706
17,690	-	-	17,690	42,128
8,644	1,364	2,474	12,482	68,383
2,343	2,695	1,378	6,416	47,475
796	5,230	2,469	8,495	56,264
22,710	-	-	22,710	38,495
-	-	-	-	14,825
-	-	-	-	422,171
-	-	-	-	108,528
4,080	-	-	4,080	21,300
-	22,245	-	22,245	22,245
535	-	-	535	535
4,276	986	-	5,262	5,262
-	78,950	-	78,950	78,950
17,761	6,845	6,845	31,451	358,703
<u>\$ 311,174</u>	<u>\$ 255,974</u>	<u>\$ 105,614</u>	<u>\$ 672,762</u>	<u>\$ 2,794,528</u>