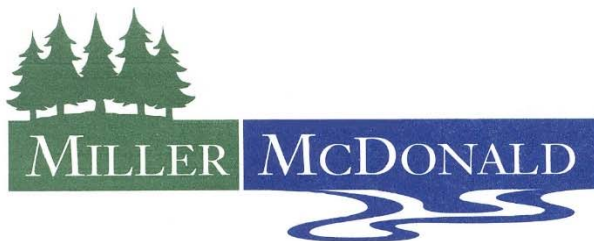


NORTHERN MINNESOTA PUBLIC TELEVISION, INC.
BEMIDJI, MINNESOTA
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
SEPTEMBER 30, 2024 AND 2023

NORTHERN MINNESOTA PUBLIC TELEVISION, INC.
BEMIDJI, MINNESOTA
SEPTEMBER 30, 2024 AND 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Northern Minnesota Public Television, Inc.

Opinion

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, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northern Minnesota Public Television, Inc. as of September 30, 2024 and 2023, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northern Minnesota Public Television, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Northern Minnesota Public Television, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Northern Minnesota Public Television, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Northern Minnesota Public Television, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Miller McDonald, Inc.

Bemidji, Minnesota
December 30, 2024

NORTHERN MINNESOTA PUBLIC TELEVISION, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2024 AND 2023

ASSETS

	<u>2024</u>	<u>2023</u>
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 484,907	\$ 413,907
Certificates of Deposit	102,190	90,959
Accounts Receivable, net	7,974	7,781
Grants Receivable	154,364	104,475
Contributions Receivable, net	122,028	109,738
Prepaid Expenses	49,618	47,232
Total Current Assets	<u>921,081</u>	<u>774,092</u>
 <u>Property and Equipment</u>		
Land	92,754	92,754
Building and Leasehold Improvements	4,391,041	4,391,041
Antenna, Transmitter, and Other		
Broadcasting Equipment	4,746,137	4,734,563
Furniture, Fixtures, and		
Administrative Equipment	103,808	103,808
	<u>9,333,740</u>	<u>9,322,166</u>
Less: Accumulated Depreciation	5,564,176	5,429,132
Total Property and Equipment (net)	<u>3,769,564</u>	<u>3,893,034</u>
 <u>Other Assets</u>		
Certificates of Deposit	111,000	113,000
Operating Lease Right-of-Use Assets, net	104,146	138,113
Investments	1,690,788	1,425,761
Total Other Assets	<u>1,905,934</u>	<u>1,676,874</u>
 <u>Total Assets</u>	<u>\$ 6,596,579</u>	<u>\$ 6,344,000</u>

LIABILITIES AND NET ASSETS

	<u>2024</u>	<u>2023</u>
<u>Current Liabilities</u>		
Current Portion of Operating Lease Liabilities	\$ 37,443	\$ 34,589
Accounts Payable	6,842	11,612
Accrued Payroll, Taxes, and Withholdings	50,623	43,627
Deferred Support and Revenues	-	-
Refundable Advances	104,898	37,093
Accrued PTO	83,121	70,610
Total Current Liabilities	<u>282,927</u>	<u>197,531</u>
 <u>Long-Term Liabilities</u>		
Operating Lease Liabilities, net of current portion	<u>65,790</u>	<u>103,233</u>
 <u>Total Liabilities</u>	<u>348,717</u>	<u>300,764</u>
 <u>Net Assets</u>		
Without Donor Restrictions:		
Operating	1,901,927	1,663,805
Board Designated - Endowment	540,100	450,126
Property and Equipment	3,769,564	3,893,034
Total Net Assets Without Donor Restrictions	<u>6,211,591</u>	<u>6,006,965</u>
With Donor Restrictions	<u>36,271</u>	<u>36,271</u>
Total Net Assets	<u>6,247,862</u>	<u>6,043,236</u>
 <u>Total Liabilities and Net Assets</u>	<u>\$ 6,596,579</u>	<u>\$ 6,344,000</u>

See Accompanying Notes to Financial Statements.

NORTHERN MINNESOTA PUBLIC TELEVISION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	2024	2023
<u>Change in Net Assets Without Donor Restrictions</u>		
<u>Revenue and Gains</u>		
Contributions		
Pledges and Memberships	\$ 501,282	\$ 509,722
Nonfinancial Assets	24,118	19,495
Other	5,286	2,189
Total Contributions	530,686	531,406
Corporation for Public Broadcasting		
Community Service Grants and Supplemental	990,747	903,813
Interconnect	13,283	13,256
State of Minnesota Grants	827,265	1,122,237
Private Foundation Grants	20,000	25,000
Other Grants	8,609	5,353
Production Income	22,395	24,527
Underwriting Income	178,711	174,854
Tower Rental	95,108	92,140
Interest Income	21,093	11,355
Investment Return	262,781	136,786
Gain on Asset Disposals	2,500	4,000
Other Income	-	7,500
Total Revenue and Gains Without Donor Restrictions	2,973,178	3,052,227
Net Assets Released from Restrictions	-	61,070
Total Revenue, Gains, and Other Support Without Donor Restrictions	2,973,178	3,113,297
 <u>Expenses</u>		
Program Services		
Programming and Production	1,438,531	1,357,921
Broadcasting	437,733	536,693
Public Information and Promotion	127,803	113,233
Total Program Services	2,004,067	2,007,847
Supporting Services		
Management and General	410,958	420,512
Fundraising and Membership Development	248,080	190,764
Underwriting and Grant Solicitation	105,447	118,749
Total Supporting Services	764,485	730,025
Total Expenses	2,768,552	2,737,872

NORTHERN MINNESOTA PUBLIC TELEVISION, INC.
STATEMENTS OF ACTIVITIES (continued)
YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>Change in Net Assets Without Donor Restrictions</u>	204,626	375,425
<u>Change in Net Assets With Donor Restrictions</u>		
Net Assets Released from Restriction	-	(61,070)
<u>Change in Net Assets</u>	204,626	314,355
<u>Net Assets at Beginning of Year</u>	<u>6,043,236</u>	<u>5,728,881</u>
<u>Net Assets at End of Year</u>	<u>\$ 6,247,862</u>	<u>\$ 6,043,236</u>

See Accompanying Notes to Financial Statements.

NORTHERN MINNESOTA PUBLIC TELEVISION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2024

	Program Services			Total Program Services
	Programming and Production	Broadcasting and Engineering	Program Information and Promotion	
Salaries	\$ 516,151	\$ 177,088	\$ 47,586	\$ 740,825
Payroll Taxes and Benefits	147,411	27,984	14,735	190,130
Supplies and Postage	9,077	3,551	518	13,146
Telephone	6,278	2,129	1,256	9,663
Travel and Conferences	1,685	2,563	-	4,248
Utilities	10,135	48,616	2,683	61,434
Professional Services	17,467	2,110	32,225	51,802
Repairs and Maintenance	6,869	24,128	-	30,997
Insurance	32,713	15,145	2,423	50,281
Printing and Publications	1,214	-	5,262	6,476
Membership Fees and Dues	23,764	-	-	23,764
Advertising and Promotion	131	-	11,391	11,522
Program Acquisitions	415,181	-	-	415,181
Program Production Costs	116,228	39,377	-	155,605
Office and Tower Site Rental	7,222	33,396	-	40,618
Miscellaneous	438	241	107	786
Fundraising Expenses	-	-	-	-
Depreciation	126,567	61,405	9,617	197,589
	<u>\$ 1,438,531</u>	<u>\$ 437,733</u>	<u>\$ 127,803</u>	<u>\$ 2,004,067</u>

<u>Supporting Services</u>				
<u>Management and General</u>	<u>Fundraising and Membership Development</u>	<u>Underwriting and Grant Solicitation</u>	<u>Total Supporting Services</u>	<u>Total</u>
\$ 183,291	\$ 119,099	\$ 48,902	\$ 351,292	\$ 1,092,117
31,738	20,508	28,448	80,694	270,824
15,432	20,537	1,178	37,147	50,293
1,544	1,256	1,547	4,347	14,010
9,987	1,291	-	11,278	15,526
3,576	3,279	-	6,855	68,289
37,876	11,843	58	49,777	101,579
36,114	32	-	36,146	67,143
3,635	4,846	1,817	10,298	60,579
133	4,298	-	4,431	10,907
46,535	-	3,879	50,414	74,178
3,750	-	12,555	16,305	27,827
-	-	-	-	415,181
-	-	-	-	155,605
4,814	-	-	4,814	45,432
13,302	164	-	13,466	14,252
-	54,700	-	54,700	54,700
19,231	6,227	7,063	32,521	230,110
<u>\$ 410,958</u>	<u>\$ 248,080</u>	<u>\$ 105,447</u>	<u>\$ 764,485</u>	<u>\$ 2,768,552</u>

See Accompanying Notes to Financial Statements.

NORTHERN MINNESOTA PUBLIC TELEVISION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2023

	Program Services			
	Programming and Production	Broadcasting and Engineering	Program Information and Promotion	Total Program Services
Salaries	\$ 497,744	\$ 239,789	\$ 49,839	\$ 787,372
Payroll Taxes and Benefits	134,848	33,021	15,119	182,988
Supplies and Postage	11,638	5,128	3,248	20,014
Telephone	5,534	2,049	1,107	8,690
Travel and Conferences	1,524	3,819	-	5,343
Utilities	11,340	50,692	3,002	65,034
Professional Services	28,264	1,436	17,101	46,801
Repairs and Maintenance	7,149	53,474	-	60,623
Insurance	32,405	16,203	2,400	51,008
Printing and Publications	134	-	5,303	5,437
Membership Fees and Dues	22,776	-	-	22,776
Advertising and Promotion	-	-	3,497	3,497
Program Acquisitions	402,993	-	-	402,993
Program Production Costs	81,883	39,185	3,000	124,068
Office and Tower Site Rental	6,172	33,398	-	39,570
Miscellaneous	492	-	-	492
Fundraising Expenses	-	-	-	-
Depreciation	113,025	58,499	9,617	181,141
	<u>\$ 1,357,921</u>	<u>\$ 536,693</u>	<u>\$ 113,233</u>	<u>\$ 2,007,847</u>

Supporting Services				
Management and General	Fundraising and Membership Development	Underwriting and Grant Solicitation	Total Supporting Services	Total
\$ 175,287	\$ 70,704	\$ 78,994	\$ 324,985	\$ 1,112,357
46,240	11,329	15,839	73,408	256,396
16,499	20,060	29	36,588	56,602
1,419	1,107	1,421	3,947	12,637
7,259	394	-	7,653	12,996
4,002	3,669	-	7,671	72,705
52,576	7,603	-	60,179	106,980
37,236	-	138	37,374	97,997
1,801	5,401	1,800	9,002	60,010
422	3,242	-	3,664	9,101
43,155	-	3,345	46,500	69,276
2,187	-	10,075	12,262	15,759
-	-	-	-	402,993
-	-	-	-	124,068
4,114	-	-	4,114	43,684
8,728	108	-	8,836	9,328
-	60,876	-	60,876	60,876
19,587	6,271	7,108	32,966	214,107
\$ 420,512	\$ 190,764	\$ 118,749	\$ 730,025	\$ 2,737,872

See Accompanying Notes to Financial Statements.

NORTHERN MINNESOTA PUBLIC TELEVISION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>Cash Flows from Operating Activities</u>		
Change in Net Assets	\$ 204,626	\$ 314,355
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	230,110	214,107
(Gain) Loss on Fixed Asset Disposals	(2,500)	(4,000)
(Gain) Loss on Investments	(227,564)	(105,204)
Amortization of Right-of-Use Assets	33,967	31,978
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(193)	(262)
Prepaid Expenses	(2,386)	903
Contributions Receivable	(12,290)	(3,071)
Grants Receivable	(49,889)	390,655
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(4,770)	(28,251)
Accrued Payroll, Taxes, and Withholdings	6,996	(6,542)
Accrued PTO	12,511	(3,483)
Operating Lease Liabilities	(34,589)	(32,269)
Refundable Advances	67,805	(297,560)
Net Cash Provided by (Used in) Operating Activities	<u>221,834</u>	<u>471,356</u>
<u>Cash Flows from Investing Activities</u>		
Purchases of Property and Equipment	(106,640)	(427,922)
Proceeds from Sale of Equipment	2,500	4,000
Purchases of Certificates of Deposit	(99,231)	(288,959)
Redemption of Certificates of Deposit	90,000	185,579
Purchases of Investments	(440,222)	(273,633)
Proceeds from Sales of Investments	402,759	242,051
Net Cash Provided by (Used in) Investing Activities	<u>(150,834)</u>	<u>(558,884)</u>
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	71,000	(87,528)
<u>Cash and Cash Equivalents, Beginning of Year</u>	<u>413,907</u>	<u>501,435</u>
<u>Cash and Cash Equivalents, End of Year</u>	<u>\$ 484,907</u>	<u>\$ 413,907</u>

See Accompanying Notes to Financial Statements.

NORTHERN MINNESOTA PUBLIC TELEVISION, INC
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

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 34% and 29% of the Organization’s support came from the Corporation for Public Broadcasting for the years ended September 30, 2024 and 2023, respectively. Approximately 28% and 36% of support for the years ended September 30, 2024 and 2023 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.

Adoption of New Accounting Standard– Beginning October 1, 2023, the Organization adopted FASB ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of the standard did not have a material impact on the Organization’s financial statements.

Classification of Net Assets - Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets not subject to donor-imposed restrictions. Items that affect this net asset category primarily consist of annual pledge contributions, certain grants, special events, underwriting and production income, tower rent, and investment income. Also includes net assets that the governing board has designated, from net assets without donor restrictions, amounts used for specific purposes.

With Donor Restrictions – Net assets subject to donor-imposed (or certain grantor) restrictions that will be met either by actions of the Organization or by the passage of time. Items that affect this category are contributions with donor-imposed restrictions that have not yet been met in the year of receipt.

Cash and Cash Equivalents – For purposes of the statement of cash flows, the Organization considers all highly liquid investments or 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 net assets with donor restrictions support if they are received with donor stipulations that limit the use of the donated assets. Certain contributions, grants, and contracts from foundations and governmental entities are included in refundable advances due to stipulations within the agreements that contain right of return of funds and barriers (as defined by ASU 2018-08) that

NORTHERN MINNESOTA PUBLIC TELEVISION, INC
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

make these contributions conditional. These funds are recognized as eligible costs are incurred. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions 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 net assets without donor restrictions.

Conditional promises to give are not recognized until the conditions are substantially met or explicitly waived by the donor. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value.

Donated goods, facilities, and professional services are recognized as revenue without donor restrictions 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.

Tower space rent is recognized as it is earned on a straight-line basis over the term of the rent agreements.

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 \$2,500 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 support with donor restrictions. 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 net assets with donor restrictions to net assets without donor restrictions at that time.

Leases – The Organization determines if an arrangement is or contains a lease at inception. A lease liability and right-of-use asset is recorded based on future lease payments and discounted by its incremental borrowing rate at the time of inception if no rate is implicit in the lease. The Organization does not report right-of-use assets and lease liabilities for leases with a term of 12 months or less and for leases deemed to be immaterial. Instead, those leases are generally reported as lease expense on a straight-line basis over the lease term.

NORTHERN MINNESOTA PUBLIC TELEVISION, INC
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

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, 2024 and 2023. 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 and Allowances – Accounts and contributions receivable are stated at the amount management expects to collect from outstanding balances. For contributions receivable, management provides for probable uncollectible amounts through a provision for bad debt 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 contributions receivable. The allowance for uncollectible contributions receivable for the years ended September 30, 2024 and 2023 was \$15,252 and \$12,275, respectively. Accounts receivable consist primarily of tower rent due. Based on management's past history of collections and knowledge of these customers it believes any expected credit loss would be immaterial, therefore no allowance for expected credit loss has been recorded for the years ending September 30, 2024 and 2023.

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 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 net assets without donor restriction 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.

Certificates of Deposit – Certificates of deposit bear interest at rates ranging from 4.15% to 5.15%, mature in dates ranging from 5 months to 32 months after year-end, and are stated at cost which approximates market value.

Advertising – The Organization expenses advertising costs as incurred. Advertising expense for the years ended September 30, 2024 and 2023 was \$27,827 and \$15,759, respectively.

NORTHERN MINNESOTA PUBLIC TELEVISION, INC
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

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.

The financial statements of the Organization report certain categories of expenses that are attributable to more than one program or supporting function. Directly identifiable expenses are charged to programs and supporting services accordingly. Salaries and benefits related to more than one function are based on estimates of time and effort. Certain shared costs are allocated based on estimates of program usage. Building depreciation is based on a square footage basis and leasehold improvements on estimates of usage.

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 December 30, 2024, the date the financial statements were available to be issued.

2. Contributions Receivable

Unconditional promises to give at September 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Receivable in less than one year	\$ 137,280	\$ 122,013
Receivable in one to five years	<u>-</u>	<u>-</u>
Receivable before any discounts and allowance	137,280	122,013
Less allowance for uncollectible contributions	<u>(15,252)</u>	<u>(12,275)</u>
Net Contributions at September 30	<u>\$ 122,028</u>	<u>\$ 109,738</u>

Unconditional promises to give over one year are discounted at the mid-term applicable federal rate at year-end when material. There were no multiyear contributions discounted for the years ended September 30, 2024 and 2023.

NORTHERN MINNESOTA PUBLIC TELEVISION, INC
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023

3. Contributions of Nonfinancial Assets

For the years ended September 30, 2024 and 2023, contributed nonfinancial assets recognized in the statement of activities included:

	Revenue Recognized		Utilization in	Donor	Valuation Methods
	2024	2023	Programs/Activities	Restrictions	and Inputs
Professional Services	\$ 7,915	\$ 8,220	Management & General	None	Based on standard hourly billable rates provided by the donors.
Promotion	12,555	10,075	Underwriting	None	Based on fair market value rates charged provided by the donors.
Lodging	1,200	1,200	Programming	None	Based on the average daily room rate charged by the donors.
Facilities membership	2,448	-	Underwriting & Programs	None	Based on fair market value membership rates charged provided by the donors.
	<u>\$ 24,118</u>	<u>\$ 19,495</u>			

4. Board Designated Endowment

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 net assets without donor restrictions 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 net assets without donor restrictions.

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 reinvest 100% of any gains to provide additional real growth through investment return.

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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 fair value, for the years ended September 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Endowment Net Assets, Beginning of Year	\$ 450,126	\$ 397,242
Investment Income, Net of Fees	11,639	9,613
Unrealized Gains (Losses)	76,021	42,902
Realized Gains (Losses)	<u>2,314</u>	<u>369</u>
Endowment Net Assets, End of Year	<u>\$ 540,100</u>	<u>\$ 450,126</u>

5. **Fair Value Measurements and Investments**

U.S. generally accepted accounting principles provide the framework for measuring fair value and provide a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. A three-tier fair value hierarchy is provided determined by the inputs used in measuring fair value as follows:

- Level 1 – Observable inputs such as quoted prices in active markets for identical assets
- Level 2 – Observable inputs such as quoted prices in active markets for similar assets or other observable inputs
- Level 3 – Significant unobservable inputs

The Organization's investments are measured at fair value as follows at September 30, 2024 and 2023:

<u>September 30, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Board Designated Endowment:</u>				
Equities	\$ 313,580	\$ -	\$ -	\$ 313,580
Corporate Bonds/Fixed Income	-	215,434	-	215,434
Money Market Funds	-	11,086	-	11,086
Equities	606,656	-	-	606,656
Corporate Bonds/Fixed Income	-	519,447	-	519,447
Money Market Funds	-	24,585	-	24,585
	<u>\$ 920,236</u>	<u>\$ 770,552</u>	<u>\$ -</u>	<u>\$ 1,690,788</u>

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<u>September 30, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Board Designated Endowment:</u>				
Equities	\$ 239,333	\$ -	\$ -	\$ 239,333
Corporate Bonds/Fixed Income	-	200,307	-	200,307
Money Market Funds	-	10,486	-	10,486
Equities	510,626	-	-	510,626
Corporate Bonds/Fixed Income	-	443,322	-	443,322
Money Market Funds	-	21,687	-	21,687
	<u>\$ 749,959</u>	<u>\$ 675,802</u>	<u>\$ -</u>	<u>\$ 1,425,761</u>

Investment return is summarized as follows:

	<u>Without Donor Restrictions</u>	
	<u>2024</u>	<u>2023</u>
Interest and Dividends, net	\$ 35,217	\$ 31,582
Realized Gain (Loss)	(22,580)	3
Unrealized Gain (Loss)	250,144	105,201
	<u>\$ 262,781</u>	<u>\$ 136,786</u>

Investment revenues are reported net of related external and direct internal investment expenses in the statement of activities. The amount of expenses netted with revenues was \$11,611 and \$7,553 at September 30, 2024 and 2023, respectively.

6. **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 both checking and money market accounts that, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts.

7. **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, 2024 and 2023 was \$83,121 and \$70,610, respectively.

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8. Lease Arrangements

Lease Expense

The Organization leases land on which one of its towers is on and office space at its Brainerd location, both of which are classified as operating leases. The lease payments contain both fixed and variable components in the current year. Variable components of the lease payments that are not determinable at the lease commencement date are not included in the measurement of the lease assets and liabilities. The Organization uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments.

Lease cost is presented in the statement of functional expenses at September 30 as follows:

	<u>2024</u>	<u>2023</u>
<u>Operating Lease Cost:</u>		
Office and Tower Site Rental:		
Programming and Production	\$ 7,222	\$ 6,172
Broadcasting	33,396	33,398
Management and General	4,814	4,114
	<u>\$ 45,432</u>	<u>\$ 43,684</u>

Includes short-term lease costs of \$0 for the years ended September 30, 2024 and 2023, respectively, and variable lease costs of \$1,750 and \$0 at September 30, 2024 and 2023, respectively.

Lease Term and Discount Rate:

	<u>2024</u>	<u>2023</u>
Weighted Average Remaining Lease Term (Years)		
Operating Leases	2.7	3.6
Weighted Average Discount Rate		
Operating Leases	7.25%	7.25%

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Supplemental Cash Flow Information:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 44,305	\$ 43,975
Lease assets obtained in exchange for lease liabilities:		
Operating leases	\$ -	\$ 170,091

Maturities of Lease Liabilities:

	Operating	
Year ending September 30:		
2025	\$ 44,662	
2026	45,648	
2027	10,800	
2028	10,800	
2029	5,400	
Total lease payments	117,310	
Less: Interest	(14,077)	
Present value of lease liabilities	\$ 103,233	

The Organization entered into a ten-year lease agreement for office space beginning April 1, 2019. Base rent is \$1,000 per month the first five years and \$900 per month the second five years, plus triple net fees based on square footage.

The Organization entered into a ten-year lease agreement with the Minnesota Department of Natural Resources for a tower site beginning April 1, 2017. Future minimum lease payments for years 2020-2027 consist of an annual base fee of \$2,760 plus a 2% increase beginning in 2020, and beginning in 2022, one half of the sublease income the Organization receives in conjunction with its lease with a commercial entity.

Lease Income

The Organization leases tower space to various commercial, nonprofit, and governmental entities. The leases are operating leases with five-year terms with various options to cancel or renew in five-year terms at the option of the lessee under various terms contained in the leases. The leases contain certain variable components including an annual inflationary increases at 3% and one with an annual increase based on the GDP Implicit Price Deflator. The tower space leases do not transfer ownership and do not offer the option to purchase the tower.

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Lease income is included in the statement of activities under changes in net assets without donor restrictions as follows:

	<u>2024</u>	<u>2023</u>
Tower Rent	\$ 93,224	\$ 90,928
Variable Component - Tower Rent	1,884	1,212
	<u>\$ 95,108</u>	<u>\$ 92,140</u>

The following is an analysis of the maturity of the undiscounted operating lease payments for the years ending September 30:

2025	\$ 95,347
2026	94,174
2027	8,750
Total	<u>\$ 198,271</u>

9. Property and Equipment

The estimated useful lives and accumulated depreciation balances at September 30, 2024 and 2023, are as follows:

	Estimated	Accumulated	
	Useful Lives	<u>2024</u>	<u>2023</u>
Building and Leasehold Improvements	6 to 40 Years	\$ 1,248,153	\$ 1,126,574
Antenna, Transmitter, and Other Broadcasting Equipment	5 to 15 Years	4,190,672	4,186,094
Furniture, Fixtures, and Administrative Equipment	3 to 7 Years	125,351	116,464
		<u>\$ 5,564,176</u>	<u>\$ 5,429,132</u>

10. 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 with variable interest at 1% above the bank's base rate. The line of credit is secured by substantially all business assets. The line expires November 10, 2024. The outstanding balance on the line as of September 30, 2024 and 2023 was \$0.

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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, 2024 and 2023 totaled \$18,208 and \$19,508, respectively.

12. Net Assets with Donor Restrictions

Net assets with donor restrictions were restricted for the following purposes at September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Program Future Funds	<u>\$ 36,271</u>	<u>\$ 36,271</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the years ending September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Program Future Funds	<u>\$ -</u>	<u>\$ 61,070</u>

13. Financial Assets and Liquidity Resources

As of September 30, 2024 and 2023, the financial assets and liquidity resources available within one year for general expenditures were as follows:

Financial Assets:	<u>2024</u>	<u>2023</u>
Cash and Cash Equivalents	\$ 484,907	\$ 413,907
Investments and CDs maturing within one year	1,792,978	1,516,720
Less those unavailable for general expenditures within one year, due to restriction for purpose:		
Board Designated Endowment	(540,100)	(450,126)
Restricted by Donor for Purpose	(36,271)	(36,271)
Funds Received in Advance	(104,898)	(37,093)
Accounts Receivable	7,974	7,781
Grants Receivable	154,364	104,475
Contributions Receivable (current, net)	122,028	109,738
Total Financial Assets Available Within One Year	<u>1,880,982</u>	<u>1,629,131</u>
Liquidity Resources:		
Bank Line of Credit	<u>150,000</u>	<u>150,000</u>
Total Financial Assets and Liquidity Resources Available Within One Year	<u>\$ 2,030,982</u>	<u>\$ 1,779,131</u>

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The Organization's cash flows have variations during the year attributable to the timing of grant receipts, fundraising, and pledge drive efforts. To help manage liquidity, the Organization maintains a line of credit with its bank to draw upon as needed during the year. There was no balance outstanding on this line of credit at September 30, 2024 and 2023.

14. Commitments and Contingencies

The Organization participates in numerous 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, 2024 may be impaired.