



Financial Statements
September 30, 2019 and 2018
Prairie Public Broadcasting, Inc.

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Independent Auditor's Report

The Board of Directors
Prairie Public Broadcasting, Inc.
Fargo, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of Prairie Public Broadcasting, Inc. (Organization), which comprise the statements of financial position as of September 30, 2019 and 2018, and the related statements of activities, functional expenses, 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 Prairie Public Broadcasting, Inc. as of September 30, 2019 and 2018, 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 Matters**Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information (actual column) on pages 27 through 38 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 supplementary information (actual column) on pages 27 through 38 is fairly stated in all material respects in relation to the financial statements as a whole.

The supplementary information (budget column) on pages 27 through 38 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Fargo, North Dakota
January 15, 2020

Prairie Public Broadcasting, Inc.
 Statements of Financial Position – Assets
 September 30, 2019 and 2018

	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,067,193	\$ 2,241,458
Grants receivable	437,337	394,059
Contributions receivable, net of allowance for uncollectible accounts of \$13,000 in 2019 and \$12,200 in 2018	432,075	402,434
In-kind contributions receivable	37,500	-
Trade accounts receivable, net of allowance for uncollectible accounts of \$18,800 in 2019 and \$19,500 in 2018	294,999	254,574
Inventory	14,293	16,050
Prepaid expenses	504,184	506,379
Total current assets	3,787,581	3,814,954
Property and Equipment, Net	10,398,463	10,321,590
Other Assets		
Board directed endowment	4,280,237	4,009,843
Investments	3,113,583	3,035,953
In-kind contributions receivable, net of present value discount of \$116,000 in 2019 and \$0 in 2018	341,756	-
Patronage refunds receivable	631,275	603,914
Radio licenses	220,000	-
Total other assets	8,586,851	7,649,710
Total assets	\$ 22,772,895	\$ 21,786,254

Prairie Public Broadcasting, Inc.
 Statements of Financial Position – Liabilities and Net Assets
 September 30, 2019 and 2018

	2019	2018
Liabilities and Net Assets		
Current Liabilities		
Current portion of deferred contract revenues	\$ 6,750	\$ 6,750
Accounts payable	152,161	487,204
Accrued liabilities	696,341	640,290
Deferred grants revenues	660,894	630,055
Total current liabilities	1,516,146	1,764,299
Deferred Contract Revenues, Net of Current Portion	8,438	15,188
Total liabilities	1,524,584	1,779,487
Net Assets		
Without donor restrictions		
General reserves	8,831,245	7,971,892
Board designated	4,280,237	4,009,843
Property and equipment	7,842,133	7,750,336
Total without donor restrictions	20,953,615	19,732,071
With donor restrictions	294,696	274,696
Total net assets	21,248,311	20,006,767
Total liabilities and net assets	\$ 22,772,895	\$ 21,786,254

Prairie Public Broadcasting, Inc.
Statement of Activities
Year Ended September 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue			
Members	\$ 2,053,125	\$ -	\$ 2,053,125
Corporation for Public Broadcasting	1,514,234	-	1,514,234
Grants	443,834	950,042	1,393,876
State support	833,333	344,898	1,178,231
Underwriting	334,058	133,216	467,274
Fees	34,401	-	34,401
Gaming (net of prize payouts and cost of sales)	3,331,619	-	3,331,619
Other	639,723	20,000	659,723
Rents	872,431	-	872,431
Net investment return	242,795	8,370	251,165
Net assets released from restrictions	1,436,526	(1,436,526)	-
Total public support and revenue	<u>11,736,079</u>	<u>20,000</u>	<u>11,756,079</u>
Expenses			
Program services			
Television	4,514,678	-	4,514,678
Radio	1,591,435	-	1,591,435
Total program services	<u>6,106,113</u>	<u>-</u>	<u>6,106,113</u>
Support services			
Television development	354,630	-	354,630
Radio development	94,818	-	94,818
General administration	1,526,121	-	1,526,121
Total support services	<u>1,975,569</u>	<u>-</u>	<u>1,975,569</u>
Gaming and concessions	2,432,853	-	2,432,853
Total expenses	<u>10,514,535</u>	<u>-</u>	<u>10,514,535</u>
Revenues in Excess of Expenses and Increase in Net Assets	1,221,544	20,000	1,241,544
Net Assets, Beginning of the Year	<u>19,732,071</u>	<u>274,696</u>	<u>20,006,767</u>
Net Assets, End of Year	<u>\$ 20,953,615</u>	<u>\$ 294,696</u>	<u>\$ 21,248,311</u>

Prairie Public Broadcasting, Inc.
Statement of Activities
Year Ended September 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue			
Members	\$ 2,049,227	\$ -	\$ 2,049,227
Corporation for Public Broadcasting	1,503,264	-	1,503,264
Grants	314,912	2,290,745	2,605,657
State support	858,333	293,290	1,151,623
Underwriting	294,837	101,181	396,018
Fees	7,387	-	7,387
Gaming (net of prize payouts and cost of sales)	2,356,105	-	2,356,105
Other	400,351	45,161	445,512
Rents	679,652	-	679,652
Net investment return	358,594	12,577	371,171
Net assets released from restrictions	2,697,793	(2,697,793)	-
Total public support and revenue	<u>11,520,455</u>	<u>45,161</u>	<u>11,565,616</u>
Expenses			
Program services			
Television	4,766,312	-	4,766,312
Radio	1,549,982	-	1,549,982
Total program services	<u>6,316,294</u>	<u>-</u>	<u>6,316,294</u>
Support services			
Television development	347,372	-	347,372
Radio development	85,740	-	85,740
General administration	1,446,720	-	1,446,720
Total support services	<u>1,879,832</u>	<u>-</u>	<u>1,879,832</u>
Gaming and concessions	1,689,351	-	1,689,351
Total expenses	<u>9,885,477</u>	<u>-</u>	<u>9,885,477</u>
Revenues in Excess of Expenses and Increase in Net Assets	1,634,978	45,161	1,680,139
Net Assets, Beginning of the Year	<u>18,097,093</u>	<u>229,535</u>	<u>18,326,628</u>
Net Assets, End of Year	<u>\$ 19,732,071</u>	<u>\$ 274,696</u>	<u>\$ 20,006,767</u>

Prairie Public Broadcasting, Inc.
Statement of Functional Expenses
Year Ended September 30, 2019

	Program Services			Supporting Services				Gaming	Total
	Television	Radio	Total	Television Development	Radio Development	General and Administrative	Total		
Salaries	\$ 1,587,424	\$ 720,424	\$ 2,307,848	\$ -	\$ -	\$ 583,490	\$ 583,490	\$ 712,093	\$ 3,603,431
Depreciation	922,590	164,619	1,087,209	-	-	71,090	71,090	58,895	1,217,194
Benefits	521,888	184,757	706,645	-	-	62,010	62,010	120,705	889,360
Supplies	11,466	278	11,744	-	-	11,424	11,424	621,159	644,327
Gaming taxes	-	-	-	-	-	-	-	601,088	601,088
Program rights	553,021	-	553,021	-	-	-	-	-	553,021
Power costs	225,326	163,823	389,149	-	-	-	-	-	389,149
Miscellaneous	117,747	13,467	131,214	204,185	-	3,549	207,734	8,957	347,905
Contracted services	228,088	16,114	244,202	-	-	20,762	20,762	36,374	301,338
Program acquisition	-	238,844	238,844	-	-	-	-	-	238,844
Payroll taxes	116,548	51,071	167,619	-	-	50,454	50,454	-	218,073
Rent and leases	-	-	-	-	-	29,657	29,657	169,713	199,370
Insurance	-	-	-	-	-	168,527	168,527	15,570	184,097
Professional fees	-	-	-	-	-	139,213	139,213	120	139,333
Repairs and maintenance	46,826	8,959	55,785	-	-	60,611	60,611	2,096	118,492
Utilities	-	-	-	-	-	87,301	87,301	27,523	114,824
Travel	44,837	8,959	53,796	2,223	-	26,033	28,256	9,271	91,323
Membership	-	-	-	31,318	30,799	-	62,117	-	62,117
Printing and postage	31,958	2,595	34,553	15,550	-	7,743	23,293	2,524	60,370
Bad debts	-	-	-	48,239	11,997	-	60,236	-	60,236
Dues and subscriptions	14,111	-	14,111	-	-	45,441	45,441	-	59,552
Production	58,813	231	59,044	-	-	-	-	-	59,044
Bank Fees	-	-	-	-	-	58,570	58,570	-	58,570
New member acquisition	-	-	-	-	52,022	-	52,022	-	52,022
Premiums	-	-	-	48,149	-	-	48,149	-	48,149
Promotion	-	-	-	3,555	-	449	4,004	35,189	39,193
Computer	-	-	-	-	-	31,469	31,469	-	31,469
Telephone	6,853	1,933	8,786	-	-	18,910	18,910	2,543	30,239
Board Fees	-	-	-	-	-	26,654	26,654	-	26,654
Program information	19,918	-	19,918	-	-	-	-	-	19,918
Cleaning	-	-	-	-	-	17,705	17,705	-	17,705
Training	6,760	3,514	10,274	825	-	325	1,150	-	11,424
Satellite interconnection fees	-	10,875	10,875	-	-	-	-	-	10,875
Vending	-	-	-	-	-	-	-	5,569	5,569
Equipment	504	972	1,476	-	-	20	20	3,442	4,938
Workers compensation	-	-	-	-	-	3,020	3,020	338	3,358
Hiring	-	-	-	-	-	1,694	1,694	-	1,694
Customer service	-	-	-	586	-	-	586	-	586
NSF checks	-	-	-	-	-	-	-	(316)	(316)
	<u>\$ 4,514,678</u>	<u>\$ 1,591,435</u>	<u>\$ 6,106,113</u>	<u>\$ 354,630</u>	<u>\$ 94,818</u>	<u>\$ 1,526,121</u>	<u>\$ 1,975,569</u>	<u>\$ 2,432,853</u>	<u>\$ 10,514,535</u>

Prairie Public Broadcasting, Inc.
Statement of Functional Expenses
Year Ended September 30, 2018

	Program Services			Supporting Services				Gaming	Total
	Television	Radio	Total	Television Development	Radio Development	General and Administrative	Total		
Salaries	\$ 1,645,585	\$ 687,514	\$ 2,333,099	\$ -	\$ -	\$ 574,403	\$ 574,403	\$ 707,030	\$ 3,614,532
Depreciation	1,076,683	166,035	1,242,718	-	-	78,780	78,780	43,582	1,365,080
Benefits	545,569	181,146	726,715	-	-	65,515	65,515	129,074	921,304
Supplies	10,095	342	10,437	-	-	14,671	14,671	121,917	147,025
Gaming taxes	-	-	-	-	-	-	-	365,760	365,760
Program rights	544,764	-	544,764	-	-	-	-	-	544,764
Power costs	233,407	172,075	405,482	-	-	-	-	-	405,482
Miscellaneous	86,497	13,580	100,077	179,517	-	2,285	181,802	7,750	289,629
Contracted services	223,714	13,688	237,402	-	-	21,256	21,256	26,981	285,639
Program acquisition	-	225,209	225,209	-	-	-	-	-	225,209
Payroll taxes	118,101	49,518	167,619	-	-	60,326	60,326	-	227,945
Rent and leases	-	-	-	-	-	368	368	173,682	174,050
Insurance	-	-	-	-	-	171,741	171,741	14,635	186,376
Professional fees	-	-	-	-	-	61,579	61,579	1,351	62,930
Repairs and maintenance	53,065	6,336	59,401	-	-	40,153	40,153	10,794	110,348
Utilities	-	-	-	-	-	97,877	97,877	27,471	125,348
Travel	54,743	8,950	63,693	1,884	-	22,353	24,237	8,512	96,442
Membership	-	-	-	34,036	24,178	-	58,214	-	58,214
Printing and postage	38,459	3,026	41,485	18,486	-	7,218	25,704	3,013	70,202
Bad debts	-	-	-	52,538	10,409	-	62,947	-	62,947
Dues and subscriptions	13,888	-	13,888	-	-	35,239	35,239	-	49,127
Production	78,512	164	78,676	-	-	-	-	-	78,676
Bank Fees	-	-	-	-	-	69,600	69,600	-	69,600
New member acquisition	-	-	-	-	51,153	-	51,153	-	51,153
Premiums	-	-	-	54,598	-	-	54,598	-	54,598
Promotion	-	-	-	4,444	-	1,934	6,378	29,241	35,619
Computer	-	-	-	-	-	33,902	33,902	-	33,902
Telephone	7,779	1,980	9,759	-	-	17,047	17,047	2,397	29,203
Board Fees	-	-	-	-	-	41,459	41,459	-	41,459
Program information	30,848	-	30,848	-	-	-	-	-	30,848
Cleaning	-	-	-	-	-	16,920	16,920	-	16,920
Training	4,603	1,431	6,034	749	-	1,025	1,774	100	7,908
Satellite interconnection fees	-	10,501	10,501	-	-	-	-	-	10,501
Vending	-	-	-	-	-	-	-	11,288	11,288
Equipment	-	8,487	8,487	-	-	-	-	2,234	10,721
Workers compensation	-	-	-	-	-	5,322	5,322	762	6,084
Hiring	-	-	-	-	-	5,747	5,747	-	5,747
Customer service	-	-	-	1,120	-	-	1,120	-	1,120
NSF checks	-	-	-	-	-	-	-	1,777	1,777
	<u>\$ 4,766,312</u>	<u>\$ 1,549,982</u>	<u>\$ 6,316,294</u>	<u>\$ 347,372</u>	<u>\$ 85,740</u>	<u>\$ 1,446,720</u>	<u>\$ 1,879,832</u>	<u>\$ 1,689,351</u>	<u>\$ 9,885,477</u>

Prairie Public Broadcasting, Inc.
Statements of Cash Flows
Years Ended September 30, 2019 and 2018

	2019	2018
Operating Activities		
Change in net assets	\$ 1,241,544	\$ 1,680,139
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	1,217,194	1,365,520
Net change in unrealized gain and losses on investments	(9,814)	124,919
Net realized gains and losses on investments	(14,247)	(387,916)
Loss on sale of equipment	4,933	-
In-kind contributions	(379,256)	-
Changes in assets and liabilities		
Grants receivable	(43,278)	(64,408)
Contributions receivable	(29,641)	(53,716)
Trade accounts receivable	(40,425)	18,108
Inventory	1,757	9,120
Prepaid expenses	2,195	89,005
Accounts payable	(335,043)	330,801
Accrued liabilities	56,051	16,697
Deferred revenue	24,089	(50,821)
Net Cash from Operating Activities	1,696,059	3,077,448
Investing Activities		
Purchases and construction of property and equipment	(1,299,000)	(2,559,343)
Proceeds from sale of investments	2,303,515	4,522,637
Purchase of radio license	(220,000)	-
Patronage refunds receivable	(27,361)	(22,296)
Purchases of investments	(2,627,478)	(4,546,362)
Net Cash used for Investing Activities	(1,870,324)	(2,605,364)
Net Change in Cash and Cash Equivalents	(174,265)	472,084
Cash and Cash Equivalents, Beginning of Year	2,241,458	1,769,374
Cash and Cash Equivalents, End of Year	\$ 2,067,193	\$ 2,241,458

Note 1 - Principal Activity and Significant Accounting Policies**Organization and Nature of Operations**

Prairie Public Broadcasting, Inc. (Organization) is a trusted public service dedicated to building an exciting and productive future for the prairie and its people. The Organization offers a window on the world through national and regional television and radio programming; creates a forum for the most important issues facing our region with locally produced, topical documentaries; partners with others to foster education for all ages; and utilizes digital technology and web services to expand those valued services. Beginning with a single television transmitter in Fargo, the Organization has grown to become the premier broadcaster of public television and radio services throughout the prairie region.

The Organization operates nine non-commercial television stations, (KBME-DT – Bismarck, ND; KCGE-DT – Crookston, MN; KMDE-DT – Devils Lake, ND; KDSE-TV – Dickinson, ND; KJRE-DT – Ellendale, ND; KFME-TV – Fargo, ND; KFGE-TV – Grand Forks, ND; KSRE-DT – Minot, ND; and KWSE—DT – Williston, ND), and ten non-commercial public FM radio stations (KCND-FM – Bismarck, ND; KPPD-FM – Devils Lake, ND; KDPR-FM – Dickinson, ND; KDSU-FM – Fargo, ND; KFJM-FM – Grand Forks, ND; KUND-FM – Grand Forks, ND; KPRJ-FM – Jamestown, ND; KMPR-FM – Minot, ND; KPPW-FM – Williston, ND; and KPPR-FM – Williston, ND). The financial statements include the accounts of all affiliated stations operated by the Organization. The Organization raises funds through pledges, donations, and charitable gaming activities at several locations.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to capital expenditures, permanent endowment, or other long-term purposes of the Organization are excluded from this definition.

Grants Receivable

The Organization receives grants from federal and private agencies for various programs. Grants receivable represents amounts requested from granting agencies for services performed. Grants receivable is reduced once the cash has been received from the granting agencies.

Contributions Receivable

Contributions receivable expected to be collected within one year are recorded at net realizable value. Contributions receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Management determines the allowance for uncollectable contributions receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions receivable are written off when deemed uncollectable.

Receivables and Credit Policies

Trade receivables are uncollateralized customer obligations due under normal trade terms requiring payment within 30 days from the invoice date. The receivables are non-interest bearing. Payments of trade receivables are applied to the earliest unpaid invoices. The carrying amount of trade receivables is reduced by an amount that reflects management's best estimate of the amounts that will not be collected.

Inventory

Inventory is comprised of gaming jar tickets, bingo paper, concession supplies and resale promotional items, and is stated at the lower of cost or net realizable value determined by the first-in, first-out method.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Property and Equipment

Property and equipment acquisitions in excess of \$1,000 for equipment and \$5,000 for buildings and land are recorded at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to forty years, or in the case of leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation is removed from the accounts, and any remaining gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Gifts of long-lived assets such as land, buildings, or equipment are reported as additions to net assets without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted net assets. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when donated or when acquired long-lived assets are placed in service.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended September 30, 2019 and 2018.

Board Directed Endowment

The Board Directed Endowment includes investments set aside by the Board of Directors. The earnings on these investments are available to support operations. The Board Directed Endowment is reflected as a noncurrent asset and a board designated net asset in the accompanying financial statements.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return is reported in the statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less investment management and custodial fees.

Patronage Refund Receivable

Patronage refund receivable represents undistributed balances held by utility cooperative organizations for the account of the Organization. These patronage refunds are distributed at the discretion of the cooperatives' management and/or boards of directors.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

In-Kind Contributions

The Organization leases rooftop space from unrelated third parties, the value of which has been contributed. Contributed goods are recorded at fair value at the date of donation (Note 12).

Fundraising Costs

The costs of fundraising are presented as development expenses included in support services on the statements of activities. There were no joint costs allocated to fund raising costs in either year presented. Fund raising expenses were approximately \$476,000 and \$458,000 for the years ended September 30, 2019 and 2018.

Advertising

The Organization uses advertising to promote its programs. The costs of advertising and promotion are expensed as incurred. During 2019 and 2018, advertising and promotion costs totaled \$121,230 and \$99,234.

Income Taxes

The Organization is organized as a North Dakota nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Organization files an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS to report its unrelated business taxable income.

The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Gaming Taxes

The state of North Dakota assesses a tax on gaming gross proceeds.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, benefits, payroll taxes, professional services, office expenses, insurance, and other, which are allocated on the basis of usage.

New Accounting Pronouncements – Presentation of Financial Statements for Not-For-Profit Entities

As of October 1, 2018, the Organization adopted the provisions of Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-For-Profit Entities*. The provisions of the ASU replace the existing three classes of net assets with two new classes (net assets without donor restrictions and net assets with donor restrictions). The ASU introduces a new disclosure to improve a financial statement user's ability to assess the Organization's liquidity and exposure to risk. The ASU also introduces new reporting requirements to present expenses by both function and natural classification in a single location and to present investment returns on the statements of activities net of external and direct internal investment expenses.

The Organization has adopted this standard as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

The Organization has evaluated subsequent events through January 15, 2020, the date which the financial statements were available to be issued.

Note 2 - Liquidity and Availability

	2019	2018
Cash and cash equivalents	\$ 2,067,193	\$ 2,241,458
Receivables		
Grants	437,337	394,059
Contributions	432,075	402,434
Trade	294,999	254,574
Board directed endowment	4,280,237	4,009,843
Investments	3,113,583	3,035,953
	10,625,424	10,338,321
Less amounts not available to be used within one year		
Net assets designated by the board	(4,280,237)	(4,009,843)
Net assets with donor restrictions	(294,696)	(274,696)
	\$ 6,050,491	\$ 6,053,782

Endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The board has established designated amounts to be set aside as donor advised funds. Although the Organization does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

As part of a liquidity management plan, cash in excess of daily requirements is invested in short-term investments, CDs, and money market funds.

Note 3 - Property and Equipment

Property and equipment consists of the following at September 30, 2019 and 2018:

	2019	2018
Land	\$ 680,971	\$ 680,971
Buildings and improvements	4,969,466	4,969,466
Vehicles and equipment	41,296,240	37,754,896
Construction in process	-	2,277,195
	46,946,677	45,682,528
Less accumulated depreciation	(36,548,214)	(35,360,938)
Net property and equipment	\$ 10,398,463	\$ 10,321,590

A significant portion of the Organization's equipment for producing and transmitting programs has been purchased with federal grant funds. Federal regulations require that the federal government be given a lien on such property. The lien is for a ten-year period beginning when the asset is placed in service. Depreciation expense on property and equipment totaled \$1,217,194 and \$1,365,520 for the years ended September 30, 2019 and 2018. The estimated cost to complete the new tower and antenna in Minot is \$200,000, which will be funded through the Federal Communications Commission.

Note 4 - Investments

Board Directed Endowment

The Board Directed Endowment investments at September 30, 2019 and 2018 are shown in the following table. Investments in fixed income mutual funds, equity securities, stock mutual funds, and alternative investments are stated at fair value. Investments in cash and cash equivalents are stated at cost plus accrued interest, if applicable.

	2019	2018
Board Directed Endowment		
Fixed income mutual funds	\$ 1,034,325	\$ 1,046,557
Equity securities	1,135,048	975,327
Stock mutual funds	1,893,151	1,644,375
Cash and cash equivalents	60,615	28,419
Alternative investments	157,098	315,165
	\$ 4,280,237	\$ 4,009,843

Investments

Investments in fixed income mutual funds, stock mutual funds, alternative investments, and other investments are stated at fair value. Investments in cash and cash equivalents and certificates of deposit are stated at cost plus accrued interest, if applicable. Investments include the following at September 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Investments		
Certificates of deposit	\$ 2,801,824	\$ 2,752,951
Endowment		
Fixed income mutual funds	108,672	101,962
Stock mutual funds	157,264	144,106
Alternative investments	6,552	-
Cash and cash equivalents	3,557	1,607
Other	35,714	35,327
	<u>\$ 3,113,583</u>	<u>\$ 3,035,953</u>

Note 5 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods.

	<u>2019</u>	<u>2018</u>
Endowments		
Perpetual in nature, earnings from which are subject to endowment spending policy appropriation		
Operations	<u>\$ 294,696</u>	<u>\$ 274,696</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended September 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Satisfaction of purpose restrictions		
FCC Repack	\$ 950,042	\$ 2,290,745
Minnesota state support	344,898	293,290
Underwriting	133,216	101,181
	1,428,156	2,685,216
Restricted - Purpose appropriations		
General	8,370	12,577
	<u>\$ 1,436,526</u>	<u>\$ 2,697,793</u>

Note 6 - Endowments

The Organization's endowment (Endowment) consists of funds established by donors to provide annual funding for specific activities and general operations. The Endowment also includes certain net assets without donor restrictions designated for endowment by the Board of Directors.

The Board of Directors has interpreted the North Dakota Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At September 30, 2019 and 2018, there were no such donor stipulations. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts, including promises to give at fair value donated to the Endowment and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

At September 30, 2019 and 2018, the Organization had the following endowment net asset composition by type of fund:

	Without Donor Restrictions	With Donor Restrictions	Total
September 30, 2019			
Board-designated endowment funds	\$ 4,280,237	\$ -	\$ 4,280,237
Donor-designated endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	294,696	294,696
	\$ 4,280,237	\$ 294,696	\$ 4,574,933

Prairie Public Broadcasting, Inc.

Notes to Financial Statements

September 30, 2019 and 2018

	Without Donor Restrictions	With Donor Restrictions	Total
September 30, 2018			
Board-designated endowment funds	\$ 4,009,843	\$ -	\$ 4,009,843
Donor-designated endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	274,696	274,696
	<u>\$ 4,009,843</u>	<u>\$ 274,696</u>	<u>\$ 4,284,539</u>

The following were the changes in the endowment net assets for the years ended September 30, 2019 and 2018:

	Without Donor Restriction	With Donor Restrictions	Total
Balance as of September 30, 2017	\$ 3,518,405	\$ 229,535	\$ 3,747,940
Contributions	190,999	45,161	236,160
Investment gain	300,439	13,672	314,111
Amounts appropriated	-	(13,672)	(13,672)
Balance as of September 30, 2018	4,009,843	274,696	4,284,539
Contributions	119,787	20,000	139,787
Investment gain	150,607	8,370	158,977
Amounts appropriated	-	(8,370)	(8,370)
Balance as of September 30, 2019	<u>\$ 4,280,237</u>	<u>\$ 294,696</u>	<u>\$ 4,574,933</u>

Board Designated Endowment Performance since Creation

The performance of the board designated endowment since it was created by the Board of Directors is as follows:

Amount initially established in board designated endowment	\$ 250,000
Board designated contributions since creation	2,721,408
Investment income, net, since creation	<u>1,308,829</u>
Balance as of September 30, 2019	<u>\$ 4,280,237</u>

The board designated endowment is recorded at fair value. The investment income (losses) noted above include interest income, realized and unrealized gains and losses, and fees.

The Organization has a budget which provides for an improvement in working capital position. The improvement goal was set at 1% of revenues from ongoing operating revenues, which excludes revenues for land, building and equipment. For 2019, any actual improvement from operations of the working capital position above the budgeted goal is to be invested in the Organization's Board Directed Endowment Fund in the following fiscal year.

For fiscal year 2019, the improvement goal was set at \$74,401. As of September 30, 2019 and 2018, the working capital position was \$2,271,435 and \$2,050,655, which is an increase of \$220,780. The improvement above the budget goal of \$146,379 will be designated for investment in the board designated endowment in fiscal 2020.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to support the operations while seeking to maintain the purchasing power of the endowment assets. The long-term objective for the Endowment is to earn a total rate of return from investment assets which shall exceed demands placed on the portfolio to support the Organization's spending policy plus the rate of inflation, as measured by the national Consumer Price Index. Actual returns in any given year may vary from this amount. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time. Endowment assets include funds with donor restrictions and board designated funds without donor restrictions. Only a majority vote of the Board of Directors would change the designation of these funds to be recorded in operating net assets without donor restrictions. The endowment assets are invested in a manner that is intended to produce results that exceed the price and yield positive results while assuming a low level of investment risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on an investment allocation with investments in mutual funds and cash equivalents.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of September 30, 2019 and 2018.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization's policy is to maintain sufficient financial stability for the operations of the Organization. Interest and dividends net of investment expense are currently included in the endowments and until a decision is made regarding the use of those funds.

Note 7 - Retirement Plan

Substantially all employees of the Organization participate in a defined contribution retirement plan. Employer contributions to the plan are based on a percentage of employee compensation and are paid as accrued. Retirement expense was \$177,408 and \$168,034 for the years ended September 30, 2019 and 2018.

Note 8 - Funds Held by Foundations

There were funds totaling approximately \$247,000 and \$270,000 held by various foundations at September 30, 2019 and 2018. These amounts are not included in the assets reported in the statement of financial position. These funds are managed by the foundations. The Organization receives the interest income from these funds on an annual basis.

Note 9 - Leases

The Organization leases office and tower space to various lessees under long term leases. Rental income totaled \$872,431 and \$864,534 for the years ended September 30, 2019 and 2018.

Future minimum lease payments receivable on these leases are as follows:

Years Ending September 30,	Amount
2020	\$ 831,859
2021	687,735
2022	658,108
2023	492,033
2024	443,719
Thereafter	1,533,298
Total minimum payments receivable	\$ 4,646,752

Note 10 - Fair Value of Assets

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the Organization's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, the Organization develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Organization’s assessment of the quality, risk or liquidity profile of the asset or liability.

A significant portion of the Organization’s investment assets are classified within Level 1 because they include equity securities, alternative investments, and open-end mutual funds with readily determinable fair values based on daily redemption values. The other assets are classified as Level 3 because the Organization values them based on unobservable (non-market) information received.

Assets measured at fair value on a recurring basis at September 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Fixed income mutual funds	\$ 1,142,997	\$ 1,148,519
Equity securities	1,135,048	975,327
Stock mutual funds	2,050,415	1,788,481
Alternative investments	163,650	315,165
Other investments	<u>35,714</u>	<u>35,327</u>
	<u>\$ 4,527,824</u>	<u>\$ 4,262,819</u>

The related fair values of these assets are determined as follows:

	Total	Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
September 30, 2019				
Fixed income mutual funds				
Corporate	\$ 1,142,997	\$ 1,142,997	\$ -	\$ -
Equity securities				
Consumer discretionary	199,173	199,173	-	-
Consumer staple	142,453	142,453	-	-
Energy	54,105	54,105	-	-
Financial	156,326	156,326	-	-
Health care	155,916	155,916	-	-
Industrial	69,010	69,010	-	-
Information technology	229,807	229,807	-	-
Materials	12,320	12,320	-	-
Telecommunication	108,269	108,269	-	-
Utilities	7,669	7,669	-	-
Stock mutual funds				
Mid-cap growth	136,925	136,925	-	-
Mid-cap blend	151,342	151,342	-	-
Foreign large growth	563,458	563,458	-	-
Foreign large blend	356,365	356,365	-	-
Diversified emerging market	290,758	290,758	-	-
Small growth	159,140	159,140	-	-
Small blend	134,645	134,645	-	-
Large blend	257,782	257,782	-	-
Alternative investments	163,650	163,650	-	-
Other investments	35,714	-	-	35,714
	<u>\$ 4,527,824</u>	<u>\$ 4,492,110</u>	<u>\$ -</u>	<u>\$ 35,714</u>

Prairie Public Broadcasting, Inc.

Notes to Financial Statements

September 30, 2019 and 2018

	Total	Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
September 30, 2018				
Fixed income mutual funds				
Corporate	\$ 1,024,742	\$ 1,024,742	\$ -	\$ -
Foreign	119,259	119,259	-	-
World	4,518	4,518	-	-
Equity securities				
Consumer discretionary	121,183	121,183	-	-
Consumer staple	95,829	95,829	-	-
Energy	62,456	62,456	-	-
Financial	158,102	158,102	-	-
Health care	162,122	162,122	-	-
Industrial	78,506	78,506	-	-
Information technology	165,720	165,720	-	-
Materials	13,388	13,388	-	-
Telecommunication	112,260	112,260	-	-
Utilities	5,761	5,761	-	-
Stock mutual funds				
Mid-cap growth	141,911	141,911	-	-
Mid-cap blend	153,533	153,533	-	-
Foreign large growth	458,461	458,461	-	-
Foreign large blend	268,698	268,698	-	-
Diversified emerging market	214,697	214,697	-	-
Large growth	78,847	78,847	-	-
Small blend	86,237	86,237	-	-
Large blend	386,097	386,097	-	-
Alternative investments	315,165	315,165	-	-
Other investments	35,327	-	-	35,327
	<u>\$ 4,262,819</u>	<u>\$ 4,227,492</u>	<u>\$ -</u>	<u>\$ 35,327</u>

Following is a reconciliation of activity for the assets measured at fair value based upon significant unobservable (non-market) information:

	Other Investments
Balance, September 30, 2017	\$ 34,386
Investment income (loss), net of expenses	2,336
Withdrawals	(1,395)
Balance, September 30, 2018	35,327
Investment income (loss), net of expenses	2,021
Withdrawals	(1,634)
Balance, September 30, 2019	\$ 35,714

Assets measured at fair value on a nonrecurring basis include the following at September 30, 2019 and 2018:

	2019	2018
Contributions received	\$ 1,580,860	\$ 1,591,681

Contributions receivable are reported at fair value at the date the promise is received, which is then treated as cost.

Note 11 - Commitments and Contingencies

Operating Leases

The Organization leases a portion of its equipment under operating leases expiring during the next five years. The Organization also leases land on which to place its broadcast towers. These leases are also operating leases and expire over the next twenty years. Lastly, the Organization holds gaming leases which are short-term leases as they are renewed annually. The total rental expense for all operating leases was \$232,193 and \$227,871 for the years ended September 30, 2019 and 2018.

The following is a schedule of future minimum rental payments required under all long-term operating leases as of September 30, 2019.

<u>Years Ending September 30,</u>	<u>Amount</u>
2020	\$ 104,263
2021	76,252
2022	71,153
2023	68,862
2024	60,628
Thereafter	446,798
	<u> </u>
Total	<u>\$ 827,956</u>

Self-Insurance

The Organization is self-insured with respect to certain employee medical costs. Terms of the plan include a stop-loss provision which limits the Organization's liability to \$35,000 per individual or approximately \$670,000 in aggregate annually. The self-insurance is included in accrued liabilities on the statement of financial position.

	<u>Beginning Balance</u>	<u>Expense</u>	<u>Claims Paid</u>	<u>Ending Balance</u>
2019	\$ 27,000	\$ 593,787	\$ (569,787)	\$ 51,000
2018	27,000	589,196	(589,196)	27,000

Note 12 - In-Kind Contribution

During the year, the Organization entered into two agreements with unrelated third parties to lease microwave antenna space for varying periods of time. The lease payment requirements were not equivalent to the fair value of the space that is being leased. The Organization has recorded an in-kind contribution in relation to the value of the use of the space throughout the period of the leases.

Future discount on the lease is as follows:

<u>Years Ending September 30,</u>	<u>Fair Value</u>	<u>Discount</u>	<u>Net</u>
2020	\$ 37,500	\$ -	\$ 37,500
2021	26,563	(1,394)	25,169
2022	25,000	(2,061)	22,939
2023	25,000	(2,710)	22,290
2024	25,000	(3,340)	21,660
Thereafter	356,250	(106,552)	249,698
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 495,313</u>	<u>\$ (116,057)</u>	<u>\$ 379,256</u>



Supplementary Information
September 30, 2019

Prairie Public Broadcasting, Inc.

Prairie Public Broadcasting, Inc.
Supporting Schedule to the Statement of Activities
Year Ended September 30, 2019

	Budget (unaudited)	Actual
Television		
Support and Revenue	\$ 4,462,699	\$ 5,635,456
Expenses		
Programming and production	2,641,326	2,367,386
Engineering	2,465,622	2,147,292
Development	383,410	354,630
Total expenses	5,490,358	4,869,308
Excess of Support and Revenue over Expenses	\$ (1,027,659)	\$ 766,148
Radio		
Support and Revenue	\$ 1,113,000	\$ 1,133,916
Expenses		
Programming and production	1,069,512	1,113,170
Engineering	498,850	478,265
Development	97,450	94,818
Total expenses	1,665,812	1,686,253
Excess of Expenses over Support and Revenue	\$ (552,812)	\$ (552,337)
Corporate		
Allocated to television	\$ 1,273,416	\$ 1,838,775
Allocated to radio	495,217	715,079
Total support and revenue	1,768,633	2,553,854
General and Administrative Expenses		
Allocated to television	1,086,776	1,098,807
Allocated to radio	422,635	427,314
Total expenses	1,509,411	1,526,121
Excess of Support and Revenue over Expenses	\$ 259,222	\$ 1,027,733
Total		
Support and Revenue	\$ 7,344,332	\$ 9,323,226
Expenses	8,665,581	8,081,682
Excess of Support and Revenue over Expenses	\$ (1,321,249)	\$ 1,241,544

Prairie Public Broadcasting, Inc.
Schedule of Support and Revenue
Year Ended September 30, 2019

	Budget (unaudited)	Actual
Television		
Membership (1)	\$ 1,616,000	\$ 1,580,860
CPB income (2)	1,291,100	1,326,057
ND state support (4)	415,000	409,500
MN state support (4)	572,948	592,359
Underwriting (5)	333,000	275,891
NCCEMS (3)	119,000	118,996
Educational fees (6)	33,000	34,401
MN capital grant (4)	10,871	10,872
Program products (8)	15,000	14,436
Foundation income (3)	18,000	31,806
CPB interconnection grant (2)	17,900	18,112
Broadcast income (8)	10,000	7,700
Grant income (3)	123,000	269,945
FCC Repack KSRE (3)	-	950,042
Special gifts (8)	2,500	114,413
Memorials (8)	1,000	-
Special events (8)	10,000	(1,247)
Canadian exchange (1)	(125,620)	(118,687)
	4,462,699	5,635,456
Radio		
Membership (1)	556,000	590,952
Underwriting (5)	200,000	191,383
CPB income (2)	171,000	170,065
ND state support (4)	170,000	165,500
Grant income (3)	16,000	23,087
Miscellaneous (8)	-	320
Special events (8)	-	(7,391)
	1,113,000	1,133,916

Prairie Public Broadcasting, Inc.
Schedule of Support and Revenue
Year Ended September 30, 2019

	Budget (unaudited)	Actual
Corporate		
Television		
Gaming net income (7)	\$ 584,046	\$ 647,112
Tower rent (9)	451,492	597,060
Contracted services (8)	146,150	20,304
Building rent (9)	30,240	31,090
Capital patronage (8)	18,000	45,471
Oil well royalties (8)	5,760	4,864
Interest income (10)	32,400	120,749
Other revenues (8)	6,768	8,450
Realized and unrealized gains and losses (10)	-	60,090
Endowment contribution (8)	-	14,400
In kind (8)	-	291,439
Gain on sale of equipment (8)	-	56
Vending loss (8)	(1,440)	(2,310)
	1,273,416	1,838,775
Radio		
Gaming net income (7)	227,129	251,654
Tower rent (9)	175,580	232,190
Contracted services (8)	56,836	7,896
Building rent (9)	11,760	12,091
Capital patronage (8)	7,000	17,683
Oil well royalties (8)	2,240	1,891
Interest income (10)	12,600	46,958
Other revenues (8)	2,632	3,286
Realized and unrealized gains and losses (10)	-	23,368
Endowment contribution (8)	-	5,600
In kind (8)	-	113,338
Gain on sale of equipment (8)	-	22
Vending loss (8)	(560)	(898)
	495,217	715,079
Total corporate	1,768,633	2,553,854
Total Support and Revenue	7,344,332	9,323,226
Gaming and concession expenses		
Allocated to television (7)	(1,308,751)	(1,751,654)
Allocated to radio (7)	(508,959)	(681,199)
Total gaming and concession expenses	\$ (1,817,710)	\$ (2,432,853)

Prairie Public Broadcasting, Inc.
Schedule of Support and Revenue
Year Ended September 30, 2019

Public Support and Revenue - Television		
Membership (1)	\$ 1,490,380	\$ 1,462,173
CPB income (2)	1,309,000	1,344,169
Grants (3)	260,000	1,370,789
State Support (4)	998,819	1,012,731
Underwriting (5)	333,000	275,891
Fees (6)	33,000	34,401
Gaming (net of prize payouts and cost of sales) (7)	1,892,797	2,398,766
Other (8)	213,738	517,976
Rents (9)	481,732	628,150
Net investment return (10)	32,400	180,839
	<u>7,044,866</u>	<u>9,225,885</u>
Total Public Support and Revenue - Television		
Public Support and Revenue - Radio		
Membership (1)	556,000	590,952
CPB income (2)	171,000	170,065
Grants (3)	16,000	23,087
State Support (4)	170,000	165,500
Underwriting (5)	200,000	191,383
Gaming (net of prize payouts and cost of sales) (7)	736,088	932,853
Other (8)	68,148	141,747
Rents (9)	187,340	244,281
Net investment return (10)	12,600	70,326
	<u>2,117,176</u>	<u>2,530,194</u>
Total Public Support and Revenue - Radio		
Public Support and Revenue		
Membership (1)	2,046,380	2,053,125
CPB income (2)	1,480,000	1,514,234
Grants (3)	276,000	1,393,876
State Support (4)	1,168,819	1,178,231
Underwriting (5)	533,000	467,274
Fees (6)	33,000	34,401
Gaming (net of prize payouts and cost of sales) (7)	2,628,885	3,331,619
Other (8)	281,886	659,723
Rents (9)	669,072	872,431
Net investment return (10)	45,000	251,165
	<u>9,162,042</u>	<u>11,756,079</u>
Total Public Support and Revenue		

Prairie Public Broadcasting, Inc.
 Schedule of Programming and Production Expenses – Television
 Year Ended September 30, 2019

	Budget (unaudited)	Actual
Salary - Full-time	\$ 1,121,476	\$ 997,729
Program rights	584,750	553,021
Benefits	353,700	341,094
Production	91,100	58,813
Contracted services	132,500	97,955
Miscellaneous	112,330	117,588
FICA tax	82,400	74,129
Program information	22,400	19,918
Postage	38,250	29,468
Travel	40,250	26,019
Supplies	10,250	9,521
Dues and subscriptions	16,020	14,111
Training	12,600	4,624
Equipment repair	12,400	13,392
Telephone	2,800	3,175
Printing	4,500	2,490
Equipment	500	504
Set material	500	478
Salary - Part-time	2,100	1,890
Video tape	500	1,467
	<u>\$ 2,641,326</u>	<u>\$ 2,367,386</u>
Total programming and production expenses - television	<u>\$ 2,641,326</u>	<u>\$ 2,367,386</u>

Prairie Public Broadcasting, Inc.
Schedule of Engineering Expenses – Television
Year Ended September 30, 2019

	Budget (unaudited)	Actual
Depreciation	\$ 1,200,000	\$ 922,590
Salary - Full-time	569,300	563,452
Power costs	237,100	225,326
Benefits	179,600	180,794
Transmitter repairs and maintenance	72,422	78,473
Contracted facilities and services	54,550	51,660
Video equipment repairs and maintenance	41,000	31,041
FICA tax	43,700	42,419
Travel	25,000	18,818
Salary - Part-time	30,900	24,353
Vehicle repair	5,200	2,393
Training	2,000	2,136
Telephone	3,600	3,678
Equipment	750	-
Miscellaneous	500	159
	\$ 2,465,622	\$ 2,147,292
Total engineering expenses - television		

Prairie Public Broadcasting, Inc.
Schedule of Programming and Production Expenses – Radio
Year Ended September 30, 2019

	Budget (unaudited)	Actual
Salary - Full-time	\$ 565,500	\$ 532,077
Program acquisition	216,112	238,844
Benefits	153,800	168,822
Salary - Part-time	38,100	73,234
FICA tax	44,100	42,227
Program production	-	231
Contracted services	12,800	16,114
Travel	7,800	8,959
Training	4,200	3,514
Satellite interconnection fees	10,710	10,875
Miscellaneous	9,740	13,467
Postage	3,750	2,595
Telephone	2,200	1,933
Supplies	700	278
	<u>\$ 1,069,512</u>	<u>\$ 1,113,170</u>
Total programming and production expenses - radio	<u>\$ 1,069,512</u>	<u>\$ 1,113,170</u>

Prairie Public Broadcasting, Inc.
Schedule of Engineering Expenses – Radio
Year Ended September 30, 2019

	<u>Budget</u> (unaudited)	<u>Actual</u>
Power cost	\$ 179,350	\$ 163,823
Depreciation	165,000	164,619
Salary - Full-time	114,500	115,113
Benefits	15,100	15,935
Repairs and maintenance	8,000	1,942
FICA tax	8,800	8,844
Audio repairs and maintenance	4,600	7,017
Equipment	<u>3,500</u>	<u>972</u>
 Total engineering expenses - radio	 <u>\$ 498,850</u>	 <u>\$ 478,265</u>

Prairie Public Broadcasting, Inc.
Schedule of General and Administrative Expenses – Corporate
Year Ended September 30, 2019

	Budget (unaudited)	Actual
Salary - Full-time	\$ 569,900	\$ 583,490
Insurance	176,000	168,527
Utilities	97,500	87,301
Depreciation	80,000	71,090
Bank charges	55,000	58,469
Benefits	73,100	62,010
Professional fees	102,399	139,213
Board of Directors	34,000	26,654
FICA tax	41,900	37,071
Travel	28,000	26,033
Dues and subscriptions	37,700	45,441
Repairs and maintenance - building	63,500	68,184
Computer	33,000	31,469
Cost of contracted services	21,662	20,762
Office supplies	12,250	11,424
Cleaning and custodial	18,500	17,705
Telephone	16,500	18,910
Postage and freight	8,400	7,743
Miscellaneous	8,600	3,549
Unemployment tax	12,500	231
Real estate tax	10,000	13,152
Promotion	2,500	449
Worker's compensation	1,500	3,020
Training	1,700	325
Hiring	8,000	1,694
Equipment	500	20
Rent and lease	3,500	29,657
Finance charges	-	101
Repairs and maintenance - vehicles and equipment	(8,700)	(7,573)
	<u>\$ 1,509,411</u>	<u>\$ 1,526,121</u>
Total general and administrative expenses - corporate	<u>\$ 1,509,411</u>	<u>\$ 1,526,121</u>

Prairie Public Broadcasting, Inc.
Schedule of Development Expenses – Television
Year Ended September 30, 2019

	<u>Budget</u> (unaudited)	<u>Actual</u>
New member acquisition	\$ 215,850	\$ 204,185
Premiums	60,000	48,149
Membership	36,600	31,318
Bad debts	40,000	48,239
Postage	21,800	15,550
Promotion	6,000	3,555
Travel	2,000	2,223
Customer service	360	586
Training	800	825
	<u>800</u>	<u>825</u>
Total development expenses - television	<u>\$ 383,410</u>	<u>\$ 354,630</u>

Prairie Public Broadcasting, Inc.
Schedule of Development Expenses – Radio
Year Ended September 30, 2019

	<u>Budget</u> (unaudited)	<u>Actual</u>
New member acquisition	\$ 56,900	\$ 52,022
Membership	31,050	30,799
Bad debt expense	<u>9,500</u>	<u>11,997</u>
Total development expenses - radio	<u>\$ 97,450</u>	<u>\$ 94,818</u>

Prairie Public Broadcasting, Inc.
Schedule of Gaming Income and Direct Expenses
Year Ended September 30, 2019

	Budget (unaudited)	Actual
Gaming Income		
Pull tabs	\$ 5,937,200	\$ 4,171,246
E-tabs	1,048,000	13,811,395
Bingo	4,448,400	3,524,781
Blackjack	429,045	313,599
Paddlewheel	32,400	61,902
Raffle	-	1,210
Poker	-	86,973
Promotional items	162,000	156,118
Vending	24,000	16,864
Total gaming income	12,081,045	22,144,088
Cost of Gaming Income		
Pull tab prizes	4,772,880	3,379,611
E-tab prizes	943,200	12,360,678
Poker prizes	-	69,164
Raffle prizes	-	600
Bingo prizes	3,736,080	3,002,416
Total cost of gaming income	9,452,160	18,812,469
Adjusted Gross Proceeds	2,628,885	3,331,619
Direct Expenses	(1,817,710)	(2,432,853)
Net Gaming Income	\$ 811,175	\$ 898,766
Direct Expenses		
Salaries	\$ 745,200	\$ 712,093
State gaming tax	287,136	463,757
Benefits	122,400	120,705
Rent and leases	186,600	169,713
FICA	115,580	108,009
Gaming supplies	120,400	599,017
Depreciation	35,004	58,830
Promotion	32,700	35,189
Utilities	30,500	27,523
Real estate taxes	30,000	29,064
Vending	13,200	5,569
Contracted services	23,240	36,374
Supplies	18,655	17,828
ND employment taxes	-	258
Insurance	15,000	15,570
Miscellaneous	5,265	8,957
Resale supplies	6,000	4,314
Kitchen supplies	-	65
Travel	9,720	9,271
Repair and maintenance - equipment	6,660	1,533
Bad debt	1,600	(316)
Repair and maintenance - building	3,600	563
Postage	2,760	2,524
Small equipment	1,260	3,442
Telephone	2,470	2,543
Accounting, audit, legal, and bank fees	1,800	120
Workers' compensation	960	338
Total direct expenses	\$ 1,817,710	\$ 2,432,853