



Financial Statements
September 30, 2022 and 2021
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 Audit of the Financial Statements

Opinion

We have audited the financial statements of Prairie Public Broadcasting, Inc. (Organization), which comprise the statements of financial position as of September 30, 2022 and 2021, 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of Prairie Public Broadcasting, Inc. as of September 30, 2022 and 2021, and the results of its operations and its cash flows for the year 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 (GAAS). 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 Prairie Public Broadcasting, 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Organization has adopted Accounting Standards Update No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities (Topic 958) for Contributed Nonfinancial Assets*, on a retrospective basis. Our opinion is not modified with respect to this matter.

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 the Organization's ability to continue as a going concern for 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 GAAS 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 GAAS, 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 the Organization'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 the Organization'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.



Fargo, North Dakota
January 16, 2023

Prairie Public Broadcasting, Inc.
 Statements of Financial Position - Assets
 September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,809,175	\$ 9,167,167
Grants receivable	556,868	321,452
Contributions receivable, net of allowance for uncollectible accounts of \$15,300 in 2022 and \$14,700 in 2021	497,413	483,084
In-kind contributions receivable	25,000	25,000
Trade accounts receivable, net of allowance for uncollectible accounts of \$23,000 in 2022 and \$23,100 in 2021	154,325	128,152
Inventory	20,045	14,406
Prepaid expenses	849,146	465,416
Total current assets	<u>5,911,972</u>	<u>10,604,677</u>
Property and Equipment, Net	<u>8,373,719</u>	<u>8,834,423</u>
Other Assets		
Board directed endowment	5,514,107	6,238,374
Investments	6,841,191	444,993
In-kind contributions receivable, net of present value discount of \$86,000 in 2022 and \$95,000 in 2021	295,744	310,987
Patronage refunds receivable	703,564	671,507
Radio licenses	220,000	220,000
Total other assets	<u>13,574,606</u>	<u>7,885,861</u>
Total assets	<u>\$ 27,860,297</u>	<u>\$ 27,324,961</u>

Prairie Public Broadcasting, Inc.
 Statements of Financial Position - Liabilities and Net Assets
 September 30, 2022 and 2021

	2022	2021
Liabilities and Net Assets		
Current Liabilities		
Current portion of deferred contract revenues	\$ -	\$ 794
Accounts payable	349,066	144,046
Accrued liabilities	679,949	612,781
Total current liabilities	1,029,015	757,621
Net Assets		
Without donor restrictions		
General reserves	12,462,847	11,128,922
Board designated	5,514,107	6,238,374
Property and equipment	8,373,719	8,834,423
Total without donor restrictions	26,350,673	26,201,719
With donor restrictions	480,609	365,621
Total net assets	26,831,282	26,567,340
Total liabilities and net assets	\$ 27,860,297	\$ 27,324,961

Prairie Public Broadcasting, Inc.
Statement of Activities
Year Ended September 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public Support and Revenue			
Members	\$ 2,148,731	\$ -	\$ 2,148,731
Corporation for Public Broadcasting	1,643,422	-	1,643,422
Grants	261,008	236,103	497,111
State support	968,526	372,186	1,340,712
Underwriting	273,481	220,033	493,514
Fees	11,408	-	11,408
Gaming (net of prize payouts and cost of sales)	6,095,826	-	6,095,826
Other	371,817	25,328	397,145
In-kind contributions	12,500	-	12,500
Rents	920,848	-	920,848
Net investment return	(1,477,279)	82,864	(1,394,415)
Net assets released from restrictions	821,526	(821,526)	-
	<u>12,051,814</u>	<u>114,988</u>	<u>12,166,802</u>
Total public support and revenue			
Expenses			
Program services			
Television	4,400,958	-	4,400,958
Radio	1,683,445	-	1,683,445
	<u>6,084,403</u>	<u>-</u>	<u>6,084,403</u>
Total program services			
Support services			
Television development	372,376	-	372,376
Radio development	79,198	-	79,198
General administration	1,563,551	-	1,563,551
	<u>2,015,125</u>	<u>-</u>	<u>2,015,125</u>
Total support services			
Gaming and concessions	3,803,332	-	3,803,332
	<u>11,902,860</u>	<u>-</u>	<u>11,902,860</u>
Total expenses			
Revenues in Excess of Expenses and Increase in Net Assets	148,954	114,988	263,942
Net Assets, Beginning of the Year	<u>26,201,719</u>	<u>365,621</u>	<u>26,567,340</u>
Net Assets, End of Year	<u>\$ 26,350,673</u>	<u>\$ 480,609</u>	<u>\$ 26,831,282</u>

Prairie Public Broadcasting, Inc.
Statement of Activities
Year Ended September 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public Support and Revenue			
Members	\$ 2,220,971	\$ -	\$ 2,220,971
Corporation for Public Broadcasting	2,393,509	-	2,393,509
Grants	307,405	86,250	393,655
State support	914,636	448,746	1,363,382
Underwriting	264,390	61,140	325,530
Fees	22,969	-	22,969
Gaming (net of prize payouts and cost of sales)	5,411,479	-	5,411,479
Other	232,185	20,000	252,185
In-kind contributions	28,536	-	28,536
Rents	992,161	-	992,161
Net investment return	1,059,438	51,609	1,111,047
Net assets released from restrictions	1,139,826	(1,139,826)	-
	<u>14,987,505</u>	<u>(472,081)</u>	<u>14,515,424</u>
Total public support and revenue			
Expenses			
Program services			
Television	4,156,233	-	4,156,233
Radio	1,516,636	-	1,516,636
	<u>5,672,869</u>	<u>-</u>	<u>5,672,869</u>
Total program services			
Support services			
Television development	343,308	-	343,308
Radio development	74,526	-	74,526
General administration	1,555,405	-	1,555,405
	<u>1,973,239</u>	<u>-</u>	<u>1,973,239</u>
Total support services			
Gaming and concessions	3,607,922	-	3,607,922
	<u>11,254,030</u>	<u>-</u>	<u>11,254,030</u>
Total expenses			
Revenues in Excess of (Less than) Expenses and Increase (Decrease) in Net Assets	3,733,475	(472,081)	3,261,394
Net Assets, Beginning of the Year	<u>22,468,244</u>	<u>837,702</u>	<u>23,305,946</u>
Net Assets, End of Year	<u>\$ 26,201,719</u>	<u>\$ 365,621</u>	<u>\$ 26,567,340</u>

Prairie Public Broadcasting, Inc.
Statement of Functional Expenses
Year Ended September 30, 2022

	Program Services			Supporting Services				Gaming	Total
	Television	Radio	Total	Television Development	Radio Development	General and Administrative	Total		
Salaries	\$ 1,542,185	\$ 770,765	\$ 2,312,950	\$ -	\$ -	\$ 631,765	\$ 631,765	\$ 664,386	\$ 3,609,101
Depreciation	877,206	90,733	967,939	-	-	65,470	65,470	44,382	1,077,791
Supplies	9,303	1,187	10,490	-	-	10,094	10,094	1,749,195	1,769,779
Benefits	515,720	193,028	708,748	-	-	89,400	89,400	171,564	969,712
Gaming taxes	-	-	-	-	-	-	-	830,965	830,965
Program rights	585,039	-	585,039	-	-	-	-	-	585,039
Power costs	216,029	157,351	373,380	-	-	-	-	-	373,380
Miscellaneous	92,566	76,239	168,805	271,760	-	4,471	276,231	7,932	452,968
Contracted services	190,882	14,551	205,433	-	-	13,411	13,411	33,495	252,339
Program acquisition	-	260,753	260,753	-	-	-	-	-	260,753
Repairs and maintenance	56,712	10,462	67,174	-	-	36,935	36,935	7,825	111,934
Payroll taxes	109,438	58,962	168,400	-	-	52,617	52,617	-	221,017
Insurance	-	-	-	-	-	183,713	183,713	17,525	201,238
Rent and leases	58,385	-	58,385	-	-	11,602	11,602	188,387	258,374
Utilities	-	-	-	-	-	110,264	110,264	27,968	138,232
Professional fees	-	-	-	-	-	91,769	91,769	150	91,919
Bad debts	-	-	-	30,522	9,976	-	40,498	-	40,498
Membership	-	-	-	14,764	23,834	-	38,598	-	38,598
Premiums	-	-	-	39,760	-	-	39,760	-	39,760
Travel	31,601	6,713	38,314	2,171	-	12,539	14,710	14,097	67,121
Bank Fees	-	-	-	-	-	60,385	60,385	-	60,385
Printing and postage	24,648	1,481	26,129	306	-	8,321	8,627	2,719	37,475
Dues and subscriptions	15,436	-	15,436	-	-	42,012	42,012	-	57,448
New member acquisition	-	-	-	-	45,388	-	45,388	-	45,388
Equipment	2,994	655	3,649	-	-	27,743	27,743	2,106	33,498
Telephone	4,624	1,285	5,909	-	-	15,135	15,135	2,731	23,775
Computer	-	-	-	-	-	35,079	35,079	-	35,079
Production	35,272	21,242	56,514	-	-	-	-	-	56,514
Promotion	-	-	-	12,018	-	631	12,649	34,159	46,808
Program information	29,930	-	29,930	-	-	-	-	-	29,930
Cleaning	-	-	-	-	-	19,333	19,333	-	19,333
Satellite interconnection fees	-	11,980	11,980	-	-	-	-	-	11,980
Board costs	-	-	-	-	-	10,907	10,907	-	10,907
Vending	-	-	-	-	-	-	-	5,729	5,729
Hiring	-	-	-	-	-	24,338	24,338	-	24,338
Training	2,988	6,058	9,046	16	-	3,379	3,395	-	12,441
NSF checks	-	-	-	-	-	-	-	(2,321)	(2,321)
Workers compensation	-	-	-	-	-	2,238	2,238	338	2,576
Customer service	-	-	-	1,059	-	-	1,059	-	1,059
	<u>\$ 4,400,958</u>	<u>\$ 1,683,445</u>	<u>\$ 6,084,403</u>	<u>\$ 372,376</u>	<u>\$ 79,198</u>	<u>\$ 1,563,551</u>	<u>\$ 2,015,125</u>	<u>\$ 3,803,332</u>	<u>\$ 11,902,860</u>

Prairie Public Broadcasting, Inc.
Statement of Functional Expenses
Year Ended September 30, 2021

	Program Services			Supporting Services				Gaming	Total
	Television	Radio	Total	Television Development	Radio Development	General and Administrative	Total		
Salaries	\$ 1,445,704	\$ 738,098	\$ 2,183,802	\$ -	\$ -	\$ 585,851	\$ 585,851	\$ 653,094	\$ 3,422,747
Depreciation	902,180	126,292	1,028,472	-	-	65,807	65,807	63,428	1,157,707
Supplies	4,200	533	4,733	-	-	7,883	7,883	1,469,100	1,481,716
Benefits	464,979	129,582	594,561	-	-	101,421	101,421	126,040	822,022
Gaming taxes	-	-	-	-	-	-	-	954,804	954,804
Program rights	564,246	-	564,246	-	-	-	-	-	564,246
Power costs	214,341	156,413	370,754	-	-	-	-	-	370,754
Miscellaneous	77,018	16,242	93,260	213,757	-	4,048	217,805	7,358	318,423
Contracted services	145,238	9,624	154,862	-	-	13,517	13,517	26,564	194,943
Program acquisition	-	247,145	247,145	-	-	-	-	-	247,145
Repairs and maintenance	66,198	6,915	73,113	-	-	108,589	108,589	4,311	186,013
Payroll taxes	110,349	47,449	157,798	-	-	47,849	47,849	-	205,647
Insurance	-	-	-	-	-	179,757	179,757	15,823	195,580
Rent and leases	57,545	-	57,545	-	-	11,029	11,029	190,548	259,122
Utilities	-	-	-	-	-	89,704	89,704	26,226	115,930
Professional fees	-	-	-	-	-	118,691	118,691	1,120	119,811
Bad debts	-	-	-	28,725	8,722	-	37,447	-	37,447
Membership	-	-	-	23,276	23,291	-	46,567	-	46,567
Premiums	-	-	-	58,981	-	-	58,981	-	58,981
Travel	15,266	3,559	18,825	-	-	575	575	20,940	40,340
Bank Fees	-	-	-	-	-	58,276	58,276	-	58,276
Printing and postage	22,093	2,579	24,672	11,547	-	6,979	18,526	3,812	47,010
Dues and subscriptions	15,365	-	15,365	-	-	39,302	39,302	-	54,667
New member acquisition	-	-	-	-	42,513	-	42,513	-	42,513
Equipment	492	18,967	19,459	-	-	27,313	27,313	13,569	60,341
Telephone	7,076	1,478	8,554	-	-	22,391	22,391	3,322	34,267
Computer	-	-	-	-	-	32,623	32,623	-	32,623
Production	22,018	-	22,018	-	-	-	-	-	22,018
Promotion	-	-	-	6,898	-	-	6,898	25,057	31,955
Program information	21,369	-	21,369	-	-	-	-	-	21,369
Cleaning	-	-	-	-	-	18,920	18,920	-	18,920
Satellite interconnection fees	-	11,338	11,338	-	-	-	-	-	11,338
Board Fees	-	-	-	-	-	341	341	-	341
Vending	-	-	-	-	-	-	-	3,994	3,994
Hiring	-	-	-	-	-	9,534	9,534	-	9,534
Training	556	422	978	-	-	2,720	2,720	23	3,721
NSF checks	-	-	-	-	-	-	-	(1,523)	(1,523)
Workers compensation	-	-	-	-	-	2,285	2,285	312	2,597
Customer service	-	-	-	124	-	-	124	-	124
	<u>\$ 4,156,233</u>	<u>\$ 1,516,636</u>	<u>\$ 5,672,869</u>	<u>\$ 343,308</u>	<u>\$ 74,526</u>	<u>\$ 1,555,405</u>	<u>\$ 1,973,239</u>	<u>\$ 3,607,922</u>	<u>\$ 11,254,030</u>

Prairie Public Broadcasting, Inc.
Statements of Cash Flows
Years Ended September 30, 2022 and 2021

	2022	2021
Operating Activities		
Change in net assets	\$ 263,942	\$ 3,261,394
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	1,077,791	1,157,707
Net change in unrealized gain and losses on investments	1,945,794	(889,054)
Net realized gains and losses on investments	(293,013)	(96,443)
Change in present value of in-kind contribution receivable	15,243	16,376
Loss (gain) on sale of equipment	(4,485)	13,705
Changes in assets and liabilities		
Grants receivable	(235,416)	(3,580)
Contributions receivable	(14,329)	(20,528)
Trade accounts receivable	(26,173)	65,620
Inventory	(5,639)	(146)
Prepaid expenses	(383,730)	(366,342)
Accounts payable	205,020	(149,295)
Accrued liabilities	67,168	(174,662)
Deferred revenue	(794)	(7,644)
Net Cash from Operating Activities	2,611,379	2,807,108
Investing Activities		
Purchases and construction of property and equipment	(617,102)	(628,127)
Proceeds from sale of property and equipment	4,500	160,895
Proceeds from sale of investments	4,086,138	1,506,663
Purchases of investments	(11,410,850)	(1,210,003)
Change in patronage refunds receivable	(32,057)	(19,678)
Net Cash used for Investing Activities	(7,969,371)	(190,250)
Net Change in Cash and Cash Equivalents	(5,357,992)	2,616,858
Cash and Cash Equivalents, Beginning of Year	9,167,167	6,550,309
Cash and Cash Equivalents, End of Year	\$ 3,809,175	\$ 9,167,167

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.

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, 2022 and 2021.

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 property and equipment 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 restrictions 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 and Revenue Recognition

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, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Organization had no outstanding conditional promises to give as of September 30, 2022.

Gaming revenues are recognized upon the satisfaction of the performance obligation to honor the outcome of the game played, which occurs at a point in time. Revenue is recognized from program services and admissions when the performance obligation is satisfied at the point in time the service is provided. All revenues recognized from contracts with customers are recognized at a point in time.

Deferred revenues represent advance payments for events or program services that will be recognized when the services are provided. Deferred revenues as of September 30, 2022 and 2021 were \$0 and \$794, respectively.

The Organization rents building and tower space under operating lease agreements and income is recognized on a straight-line basis over the term of the rent agreements.

In-Kind Contributions

In-kind contributions include donated equipment and other in-kind contributions which are recorded at the respective fair values of the goods or services received (Note 13). The Organization does not sell donated gifts-in-kind. Contributed goods are recorded at fair value at the date of donation.

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 \$480,000 and \$447,000 for the years ended September 30, 2022 and 2021.

Advertising

The Organization uses advertising to promote its programs. The costs of advertising and promotion are expensed as incurred. During 2022 and 2021, advertising and promotion costs totaled \$89,200 and \$76,697.

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 adjusted gross proceeds.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The 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.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by the Organization to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable and promises to give are limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, governmental agencies, and foundations supportive of the Organization's mission. Investments are made by diversified investment managers whose performance is monitored by the Organization and the investment committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the organizations.

Change in Accounting Policy

As of July 1, 2021, the Organization adopted the provisions of Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires enhanced presentation and disclosure of contributed nonfinancial assets. Management has adopted the amendments of this update on a retrospective basis because it provides increased and more transparent disclosure around contributed nonfinancial assets.

Subsequent Events

The Organization has evaluated subsequent events through January 16, 2023, the date which the financial statements were available to be issued.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2022	2021
Cash and Cash Equivalents	\$ 3,809,175	\$ 9,167,167
Receivables		
Grants	556,868	321,452
Contributions	497,413	483,084
Trade	154,325	128,152
Board Directed Endowment	5,514,107	6,238,374
Investments	6,841,191	444,993
	<u>17,373,079</u>	<u>16,783,222</u>
Less Amounts Not Available to be used Within One Year		
Net assets designated by the board	(5,514,107)	(6,238,374)
Net assets with donor restrictions	(480,609)	(365,621)
	<u>\$ 11,378,363</u>	<u>\$ 10,179,227</u>

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, certificates of deposit, and money market funds.

Note 3 - Property and Equipment

Property and equipment consists of the following at September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Land	\$ 730,971	\$ 680,971
Buildings and Improvements	5,295,237	4,991,150
Vehicles and Equipment	42,327,383	42,090,869
	<u>48,353,591</u>	<u>47,762,990</u>
Less accumulated depreciation	<u>(39,979,872)</u>	<u>(38,928,567)</u>
Net property and equipment	<u>\$ 8,373,719</u>	<u>\$ 8,834,423</u>

Note 4 - Investments

Board Directed Endowment

The Board Directed Endowment investments at September 30, 2022 and 2021 are shown in the following table. Investments in fixed income mutual funds, equity securities, and stock mutual funds are stated at fair value. Investments in cash and cash equivalents are stated at cost plus accrued interest, if applicable.

	<u>2022</u>	<u>2021</u>
Board Directed Endowment		
Fixed income mutual funds	\$ 1,379,541	\$ 1,522,443
Equity securities	1,593,889	1,638,715
Stock mutual funds	2,405,487	3,009,848
Cash and cash equivalents	135,190	67,368
	<u>\$ 5,514,107</u>	<u>\$ 6,238,374</u>

Investments

Investments in fixed income mutual funds, stock mutual funds, 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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Investments		
Endowment		
Fixed income mutual funds	\$ 138,492	\$ 150,913
Equity securities	198,448	230,691
Cash and cash equivalents	3,911	20,605
Certificates of deposit	4,208,186	-
U.S. Treasury bills	2,208,621	-
Cash and cash equivalents	49,590	-
Other	33,943	42,784
	<u>\$ 6,841,191</u>	<u>\$ 444,993</u>

Note 5 - Net Assets with Donor Restrictions

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

	<u>2022</u>	<u>2021</u>
Subject to Expenditure for Specified Purpose or Time		
Grants	\$ 109,660	\$ 20,000
Property and equipment	34,285	34,285
State support	10,871	10,871
	<u>154,816</u>	<u>65,156</u>
Endowments		
Perpetual in nature, earnings from which are subject to endowment spending policy appropriation		
Prairie Public Broadcasting Permanent Endowment Fund	295,543	270,215
FM Area Foundation	30,250	30,250
	<u>325,793</u>	<u>300,465</u>
Total endowments	<u>325,793</u>	<u>300,465</u>
Total net assets with donor restrictions	<u>\$ 480,609</u>	<u>\$ 365,621</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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Satisfaction of Purpose Restrictions		
CPB	\$ -	\$ 19,464
FCC Repack	212,803	169,452
State support	372,186	825,317
Underwriting	<u>153,673</u>	<u>73,984</u>
	738,662	1,088,217
Restricted - Purpose Appropriations		
General	<u>82,864</u>	<u>51,609</u>
	<u>\$ 821,526</u>	<u>\$ 1,139,826</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, 2022 and 2021, 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, 2022 and 2021, the Organization had the following endowment net asset composition by type of fund:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
September 30, 2022			
Board-designated endowment funds	\$ 5,514,107	\$ -	\$ 5,514,107
Donor-designated endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	<u>-</u>	<u>325,793</u>	<u>325,793</u>
	<u>\$ 5,514,107</u>	<u>\$ 325,793</u>	<u>\$ 5,839,900</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
September 30, 2021			
Board-designated endowment funds	\$ 6,238,374	\$ -	\$ 6,238,374
Donor-designated endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	<u>-</u>	<u>300,465</u>	<u>300,465</u>
	<u>\$ 6,238,374</u>	<u>\$ 300,465</u>	<u>\$ 6,538,839</u>

The following were the changes in the endowment net assets for the years ended September 30, 2022 and 2021:

	Without Donor Restriction	With Donor Restrictions	Total
Balance as of September 30, 2020	\$ 4,876,709	\$ 280,465	\$ 5,157,174
Contributions	356,790	20,000	376,790
Investment gain	1,004,875	51,069	1,055,944
Amounts appropriated	-	(51,069)	(51,069)
Balance as of September 30, 2021	6,238,374	300,465	6,538,839
Contributions	610,910	25,328	636,238
Investment loss	(1,335,177)	-	(1,335,177)
Amounts appropriated	-	-	-
Balance as of September 30, 2022	<u>\$ 5,514,107</u>	<u>\$ 325,793</u>	<u>\$ 5,839,900</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	3,836,487
Investment income, net, since creation	<u>1,427,620</u>
Balance as of September 30, 2022	<u>\$ 5,514,107</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. It is the Organization's policy that any budgeted improvement from operations of the working capital position above the 1% improvement goal, limited to \$200,000, will be invested in the Organization's Board Directed Endowment Fund in the current year if approved in the annual budget upon an anticipated surplus, or in the following year based upon actual results, if not included in the current year budget.

For fiscal year 2022, the Organization budgeted and transferred \$200,000, which was invested in the Organization's Board Directed Endowment Fund based upon the approved budget. For fiscal year 2022, the improvement goal was set at \$85,161. As of September 30, 2022 and 2021, the working capital position was \$4,882,957 and \$9,847,056, which is a decrease of \$4,964,099.

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, 2022 and 2021.

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 \$163,867 and \$163,528 for the years ended September 30, 2022 and 2021.

Note 8 - Funds Held by Foundations

There were funds totaling approximately \$248,000 and \$307,000 held by various foundations at September 30, 2022 and 2021. 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 \$945,848 and \$992,161 for the years ended September 30, 2022 and 2021.

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

Years Ending September 30,	Amount
2023	\$ 902,462
2024	819,158
2025	666,331
2026	579,045
2027	558,361
Thereafter	648,336
Total minimum payments receivable	\$ 4,173,693

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 portion of the Organization's investment assets are classified within Level 1 because they include equity securities, and open-end mutual funds with readily determinable fair values based on daily redemption values. The portion of the Organization's investment assets are classified as Level 2 as they consist of certificates of deposit which can be traded as part of an investment portfolio. The other assets are classified as Level 3 because the Organization values them based on unobservable (non-market) information received.

Prairie Public Broadcasting, Inc.

Notes to Financial Statements

September 30, 2022 and 2021

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, 2022				
Fixed income mutual funds	\$ 1,518,033	\$ 1,518,033	\$ -	\$ -
Equity securities	1,792,337	1,792,337	-	-
Stock mutual funds	2,405,487	2,405,487	-	-
Certificates of deposit	4,208,186	-	4,208,186	-
U.S. Treasury bills	2,208,621	-	2,208,621	-
Other investments	33,943	-	-	33,943
	<u>\$ 12,166,607</u>	<u>\$ 5,715,857</u>	<u>\$ 6,416,807</u>	<u>\$ 33,943</u>

	Total	Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
September 30, 2021				
Fixed income mutual funds	\$ 1,673,356	\$ 1,673,356	\$ -	\$ -
Equity securities	1,869,406	1,869,406	-	-
Stock mutual funds	3,009,848	3,009,848	-	-
Other investments	42,784	-	-	42,784
	<u>\$ 6,595,394</u>	<u>\$ 6,552,610</u>	<u>\$ -</u>	<u>\$ 42,784</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, 2020	\$ 37,223
Investment income (loss), net of expenses	6,951
Withdrawals	<u>(1,390)</u>
Balance, September 30, 2021	42,784
Investment income (loss), net of expenses	(7,269)
Withdrawals	<u>(1,572)</u>
Balance, September 30, 2022	<u>\$ 33,943</u>

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 \$258,374 and \$259,122 for the years ended September 30, 2022 and 2021.

The following is a schedule of future minimum rental payments required under all long-term operating leases as of September 30, 2022.

Years Ending September 30,	Amount
2023	\$ 98,490
2024	90,730
2025	79,304
2026	79,113
2027	77,721
Thereafter	697,361
 Total	 \$ 1,122,719

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 \$684,000 in aggregate annually. The self-insurance is included in accrued liabilities on the statement of financial position.

	Beginning Balance	Expense	Claims Paid	Ending Balance
2022	\$ 51,000	\$ 405,462	\$ (405,462)	\$ 51,000
2021	51,000	\$ 449,292	\$ (449,292)	51,000

Note 12 - In-Kind Contribution Receivable

During 2019, 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>
2023	\$ 25,000	\$ -	\$ 25,000
2024	25,000	(1,395)	23,605
2025	25,000	(2,061)	22,939
2026	25,000	(2,710)	22,290
2027	25,000	(3,340)	21,660
Thereafter	281,250	(76,000)	205,250
Total	<u>\$ 406,250</u>	<u>\$ (85,506)</u>	<u>\$ 320,744</u>

Note 13 - In-Kind Contribution Revenue

For the years ended September 30, 2022 and 2021, in-kind contributions recognized within the statements of activities included the following:

<u>Non-Financial Contributions Category</u>	<u>Type of Contributions for Beneficiaries</u>	<u>Valuation</u>	<u>Monetized or Utilized</u>	<u>2022</u>	<u>2021</u>
Contribution Revenue - Roof Rights	Roof space on top of the Radisson hotel for the radio antenna	Standard industry pricing for similar services	Utilized	12,500	10,937
TV Equipment	Equipment such as media production items	Standard industry pricing for similar equipment	Utilized	-	17,599
				<u>\$ 12,500</u>	<u>\$ 28,536</u>

Note 14 - Contingency

COVID-19 Pandemic

The world-wide coronavirus pandemic continues to impact national and global economies. The Organization is closely monitoring its operations, liquidity and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of the issuance of these financial statements, the current and future impact to the Organization is not known.



Supplementary Information
September 30, 2022

Prairie Public Broadcasting, Inc.



Independent Auditor's Report on Supplementary Information

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

We have audited the financial statements of Prairie Public Broadcasting, Inc. as of and for the year ended September 30, 2022, and have issued our report thereon dated January 16, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole.

The Supplementary Information (Budget to Actual) is presented for the 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 audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Fargo, North Dakota
January 16, 2023

Prairie Public Broadcasting, Inc.
Supporting Schedule to the Statement of Activities
Year Ended September 30, 2022

	Budget (unaudited)	Actual
Television		
Support and Revenue	\$ 4,514,804	\$ 5,163,573
Expenses		
Programming and production	2,702,967	2,257,882
Engineering	2,263,795	2,143,076
Development	385,160	372,376
Total expenses	5,351,922	4,773,334
Excess of (Expenses over Support and Revenue) Support and Revenue over Expenses	\$ (837,118)	\$ 390,239
Radio		
Support and Revenue	\$ 1,148,000	\$ 1,243,408
Expenses		
Programming and production	1,294,191	1,283,805
Engineering	471,750	399,640
Development	107,100	79,198
Total expenses	1,873,041	1,762,643
Excess of Expenses over Support and Revenue	\$ (725,041)	\$ (519,235)
Corporate		
Allocated to television	\$ 1,886,889	\$ 1,349,978
Allocated to radio	847,733	606,511
Total support and revenue	2,734,622	1,956,489
General and Administrative Expenses		
Allocated to television	1,053,253	1,078,850
Allocated to radio	473,200	484,701
Total expenses	1,526,453	1,563,551
Excess of Support and Revenue over Expenses	\$ 1,208,169	\$ 392,938
Total		
Support and Revenue	\$ 8,397,426	\$ 8,363,470
Expenses		
Total expenses	8,751,416	8,099,528
Excess of (Expenses over Support and Revenue) Support and Revenue over Expenses	\$ (353,990)	\$ 263,942

Prairie Public Broadcasting, Inc.
Schedule of Support and Revenue
Year Ended September 30, 2022

	Budget (unaudited)	Actual
Television		
Membership (1)	\$ 1,720,000	\$ 1,703,272
CPB income (2)	1,405,000	1,441,656
ND state support (4)	400,000	400,000
MN state support (4)	607,914	654,101
MN bond revenue (4)	-	75,739
Underwriting (5)	283,900	348,270
NCCEMS (3)	101,150	-
Educational fees (6)	22,969	11,408
MN capital grant (4)	10,871	10,872
Program products (8)	16,000	18,504
Foundation income (3)	23,000	24,905
CPB interconnection grant (2)	19,000	18,892
Broadcast income (8)	9,000	7,405
Grant income (3)	-	66,705
FCC Repack KSRE (3)	-	237,793
Special gifts (8)	5,000	255,004
Special events (8)	-	(1,307)
Canadian exchange (1)	(109,000)	(109,646)
	4,514,804	5,163,573
Total television		
Radio		
Membership (1)	590,000	555,105
Underwriting (5)	143,000	145,244
CPB income (2)	161,000	182,874
ND state support (4)	200,000	200,000
Grant income (3)	54,000	167,708
Special events (8)	-	(7,523)
	1,148,000	1,243,408
Total radio		

Prairie Public Broadcasting, Inc.
Schedule of Support and Revenue
Year Ended September 30, 2022

	Budget (unaudited)	Actual
Corporate		
Television		
Gaming net income (7)	\$ 1,169,298	\$ 1,581,821
Tower rent (9)	598,952	599,675
Contracted services (8)	13,800	10,074
Building rent (9)	35,356	35,710
Capital patronage (8)	33,534	45,289
Oil well royalties (8)	3,795	6,839
Interest income (10)	26,910	105,795
Other revenues (8)	6,969	5,367
Realized and unrealized gains and losses (10)	-	(1,067,941)
Endowment contribution (8)	-	17,476
In kind (8)	-	8,625
Gain on sale of equipment (8)	-	3,302
Vending loss (8)	(1,725)	(2,054)
	1,886,889	1,349,978
Radio		
Gaming net income (7)	525,337	710,673
Tower rent (9)	269,095	269,419
Contracted services (8)	6,200	4,526
Building rent (9)	15,884	16,044
Capital patronage (8)	15,066	20,347
Oil well royalties (8)	1,705	3,073
Interest income (10)	12,090	47,531
Other revenues (8)	3,131	2,411
Realized and unrealized gains and losses (10)	-	(479,800)
Endowment contribution (8)	-	7,852
In kind (8)	-	3,875
Gain on sale of equipment (8)	-	1,483
Vending loss (8)	(775)	(923)
	847,733	606,511
Total corporate	2,734,622	1,956,489
Total Support and Revenue	\$ 8,397,426	\$ 8,363,470
Gaming and concession expenses		
Allocated to television (7)	(2,277,401)	(2,624,299)
Allocated to radio (7)	(1,023,180)	(1,179,033)
Total gaming and concession expenses	\$ (3,300,581)	\$ (3,803,332)

Prairie Public Broadcasting, Inc.
Schedule of Support and Revenue
Year Ended September 30, 2022

	Budget (unaudited)	Actual
Public Support and Revenue - Television		
Membership (1)	\$ 1,611,000	\$ 1,593,626
CPB income (2)	1,424,000	1,460,548
Grants (3)	124,150	329,403
State Support (4)	1,018,785	1,140,712
Underwriting (5)	283,900	348,270
Fees (6)	22,969	11,408
Gaming (net of prize payouts and cost of sales) (7)	3,446,699	4,206,120
Other (8)	86,373	374,524
Rents (9)	634,308	635,385
Net investment return (10)	26,910	(962,146)
	8,679,094	9,137,850
Public Support and Revenue - Radio		
Membership (1)	590,000	555,105
CPB income (2)	161,000	182,874
Grants (3)	54,000	167,708
State Support (4)	200,000	200,000
Underwriting (5)	143,000	145,244
Gaming (net of prize payouts and cost of sales) (7)	1,548,517	1,889,706
Other (8)	25,327	35,121
Rents (9)	284,979	285,463
Net investment return (10)	12,090	(432,269)
	3,018,913	3,028,952
Public Support and Revenue (Summarized from Above)		
Membership (1)	2,201,000	2,148,731
CPB income (2)	1,585,000	1,643,422
Grants (3)	178,150	497,111
State Support (4)	1,218,785	1,340,712
Underwriting (5)	426,900	493,514
Fees (6)	22,969	11,408
Gaming (net of prize payouts and cost of sales) (7)	4,995,216	6,095,826
Other (8)	111,700	409,645
Rents (9)	919,287	920,848
Net investment return (10)	39,000	(1,394,415)
	\$ 11,698,007	\$ 12,166,802
Total Public Support and Revenue	\$ 11,698,007	\$ 12,166,802

Prairie Public Broadcasting, Inc.
Schedule of Programming and Production Expenses – Television
Year Ended September 30, 2022

	Budget (unaudited)	Actual
Salary - Full-time	\$ 1,141,900	\$ 947,473
Program rights	642,817	585,039
Benefits	423,700	338,938
Production	58,910	35,272
Contracted services	99,000	75,938
Miscellaneous	97,660	90,260
FICA tax	90,500	69,565
Program information	22,000	29,930
Postage	34,900	23,155
Travel	24,750	12,811
Supplies	8,200	5,709
Dues and subscriptions	15,580	15,436
Training	11,000	2,988
Equipment repair	13,900	14,532
Telephone	2,850	871
Printing	2,000	1,493
Equipment	500	2,994
Set material	500	727
Salary - Part-time	500	185
Nielsen Survey	10,000	1,699
Video tape	1,800	2,867
	<u>\$ 2,702,967</u>	<u>\$ 2,257,882</u>
Total programming and production expenses - television	<u>\$ 2,702,967</u>	<u>\$ 2,257,882</u>

Prairie Public Broadcasting, Inc.
Schedule of Engineering Expenses – Television
Year Ended September 30, 2022

	Budget (unaudited)	Actual
Depreciation	\$ 900,000	\$ 877,206
Salary - Full-time	604,000	567,678
Power costs	233,300	216,029
Benefits	196,700	176,782
Transmitter repairs and maintenance	108,700	114,944
Video equipment repairs and maintenance	50,500	38,838
FICA tax	43,800	39,873
Travel	22,000	18,790
Salary - Part-time	33,000	26,849
Vehicle repair	5,500	3,342
Rents and leases	56,945	58,385
Training	2,000	-
Telephone	6,100	3,753
Equipment	750	-
Miscellaneous	500	607
	<u>\$ 2,263,795</u>	<u>\$ 2,143,076</u>
Total engineering expenses - television	<u>\$ 2,263,795</u>	<u>\$ 2,143,076</u>

Prairie Public Broadcasting, Inc.
Schedule of Programming and Production Expenses – Radio
Year Ended September 30, 2022

	Budget (unaudited)	Actual
Salary - Full-time	\$ 613,500	\$ 598,734
Program acquisition	290,191	260,753
Benefits	194,700	175,411
Salary - Part-time	77,500	60,467
FICA tax	50,900	47,704
Program production	-	21,242
Contracted services	18,000	14,551
Travel	10,300	6,713
Training	4,700	6,058
Satellite interconnection fees	11,450	11,980
Miscellaneous	18,000	76,239
Postage	2,550	1,481
Telephone	1,900	1,285
Supplies	500	1,187
	<u>\$ 1,294,191</u>	<u>\$ 1,283,805</u>
Total programming and production expenses - radio	<u>\$ 1,294,191</u>	<u>\$ 1,283,805</u>

Prairie Public Broadcasting, Inc.
Schedule of Engineering Expenses – Radio
Year Ended September 30, 2022

	<u>Budget</u> (unaudited)	<u>Actual</u>
Power cost	\$ 170,050	\$ 157,351
Depreciation	132,000	90,733
Salary - Full-time	125,300	111,564
Benefits	18,500	17,617
Repairs and maintenance	8,000	6,071
FICA tax	9,600	11,258
Audio repairs and maintenance	4,600	4,391
Equipment	<u>3,700</u>	<u>655</u>
Total engineering expenses - radio	<u>\$ 471,750</u>	<u>\$ 399,640</u>

Prairie Public Broadcasting, Inc.
Schedule of General and Administrative Expenses – Corporate
Year Ended September 30, 2022

	Budget (unaudited)	Actual
Salary - Full-Time	\$ 632,300	\$ 631,765
Insurance	183,400	183,713
Utilities	91,500	110,264
Depreciation	70,000	65,470
Bank Charges	58,000	60,335
Benefits	29,150	89,400
Professional Fees	88,525	91,769
Board Costs	28,000	10,907
Fica Tax	47,000	38,953
Travel	15,200	12,539
Dues and Subscriptions	41,500	42,012
Repairs and Maintenance - Building	58,500	38,260
Computer	34,500	35,079
Cost of Contracted Services	15,000	13,411
Office Supplies	11,250	10,094
Cleaning and Custodial	19,900	19,333
Telephone	24,700	15,135
Postage and Freight	8,500	8,321
Miscellaneous	7,500	4,471
Unemployment Tax	6,000	-
Real Estate Tax	13,000	13,664
Promotion	1,700	631
Worker's Compensation	800	2,238
Training	2,200	3,379
Hiring	8,500	24,338
Equipment	25,500	27,743
Rent and Lease	11,028	11,602
Finance Charges	-	50
Repairs and Maintenance - Vehicles and Equipment	(6,700)	(1,325)
	\$ 1,526,453	\$ 1,563,551
Total general and administrative expenses - corporate		

Prairie Public Broadcasting, Inc.
Schedule of Development Expenses – Television
Year Ended September 30, 2022

	<u>Budget</u> (unaudited)	<u>Actual</u>
New Member Acquisition	\$ 224,100	\$ 271,760
Premiums	57,000	39,760
Membership	35,100	14,764
Bad Debts	40,000	30,522
Postage	19,800	306
Promotion	6,000	12,018
Travel	2,000	2,171
Customer Service	360	1,059
Training	800	16
	<u>800</u>	<u>16</u>
Total development expenses - television	<u>\$ 385,160</u>	<u>\$ 372,376</u>

Prairie Public Broadcasting, Inc.
Schedule of Development Expenses – Radio
Year Ended September 30, 2022

	<u>Budget</u> (unaudited)	<u>Actual</u>
New Member Acquisition	\$ 56,475	\$ 45,388
Membership	32,125	23,834
Bad Debt Expense	<u>18,500</u>	<u>9,976</u>
Total development expenses - radio	<u>\$ 107,100</u>	<u>\$ 79,198</u>

Prairie Public Broadcasting, Inc.
Schedule of Gaming Income and Direct Expenses
Year Ended September 30, 2022

	Budget (unaudited)	Actual
Gaming Income		
Pull tabs	\$ 2,235,600	\$ 2,064,918
E-tabs	36,878,400	48,220,069
Bingo	2,824,800	2,559,125
Blackjack	176,400	212,611
Paddlewheel	2,568	4,179
Raffle	-	545
Poker	-	73,999
Promotional items and other	156,000	151,250
Vending	16,800	15,247
Total gaming income	42,290,568	53,301,943
Cost of Gaming Income		
Pull tab prizes	1,823,172	1,687,461
E-tab prizes	33,060,024	43,296,177
Poker prizes	-	60,997
Raffle prizes	-	273
Bingo prizes	2,412,156	2,161,209
Total cost of gaming income	37,295,352	47,206,117
Adjusted Gross Proceeds	4,995,216	6,095,826
Direct Expenses	(3,300,581)	(3,803,332)
Net Gaming Income	\$ 1,694,635	\$ 2,292,494
Direct Expenses		
Salaries	\$ 661,920	\$ 664,386
State gaming tax	530,507	700,045
Benefits	216,000	171,564
Rent and leases	188,440	188,387
FICA	91,408	94,700
Gaming supplies	1,345,504	1,726,909
Depreciation	59,436	44,382
Promotion	29,750	34,159
Utilities	28,200	27,968
Real estate taxes	33,600	36,220
Vending	5,400	5,729
Contracted services	30,084	33,495
Supplies	13,000	16,264
Insurance	16,200	17,525
Miscellaneous	7,632	7,932
Resale supplies	6,000	6,022
Travel	23,880	14,097
Repair and maintenance - equipment	2,100	3,111
Bad debt	-	(2,321)
Repair and maintenance - building	2,000	4,714
Postage	4,080	2,719
Small equipment	1,300	2,106
Telephone	4,020	2,731
Accounting, audit, legal, and bank fees	120	150
Workers' compensation	-	338
Total direct expenses	\$ 3,300,581	\$ 3,803,332