

MPT FOUNDATION, INC.
AUDITED FINANCIAL STATEMENTS
June 30, 2024 and June 30 2023

MPT FOUNDATION, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
MPT Foundation, Inc.

Opinion

We have audited the accompanying financial statements of MPT Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MPT Foundation, Inc. as of June 30, 2024, and the changes in its net assets 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of MPT Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore, is not a guarantee that an audit conducted in accordance with generally

**MPT Foundation, Inc.
Independent Auditors' Report (Cont'd.)**

accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation'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 Foundation'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.

Summarized Comparative Information

We have previously audited MPT Foundation Inc.'s June 30, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 12, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

UHY LLP

Towson, Maryland
January 22, 2025

MPT FOUNDATION
STATEMENTS OF FINANCIAL POSITION

	June 30,	
	2024	2023
ASSETS		
Cash and cash equivalents	\$ 4,032,774	\$ 3,931,638
Contributions receivable, net	526,014	760,512
Investments, at fair value	<u>13,770,691</u>	<u>12,207,454</u>
Total assets	<u>\$ 18,329,479</u>	<u>\$ 16,899,604</u>
LIABILITIES		
Accrued commissions	\$ 23,458	\$ 29,432
Other accrued expenses	8,250	54,181
Refundable advances	<u>17,200</u>	<u>12,200</u>
Total liabilities	<u>48,908</u>	<u>95,813</u>
NET ASSETS		
Without donor restrictions	10,621,841	9,931,093
With donor restrictions	<u>7,658,730</u>	<u>6,872,698</u>
Total net assets	<u>18,280,571</u>	<u>16,803,791</u>
Total liabilities and net assets	<u>\$ 18,329,479</u>	<u>\$ 16,899,604</u>

The Notes to Financial Statements are an integral part of these statements.

MPT FOUNDATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	Year Ended June 30, 2024			Year Ended June 30, 2023
	Without Donor Restrictions	With Donor Restrictions	Total	
REVENUE				
Contributions	\$ 4,431,827	\$ 758,852	\$ 5,190,679	\$ 5,144,407
Investments, at fair value	319,822	128,374	448,196	214,596
Net gain (loss) on investments	461,441	545,410	1,006,851	682,469
Other revenue	64,590	-	64,590	27,875
Raffle income	91,275	-	91,275	86,670
Less: raffle expense	(15,528)	-	(15,528)	(15,304)
Special event income	600	-	600	9,348
Less: special event expense	-	-	-	(32,437)
Net assets released from restrictions	<u>646,604</u>	<u>(646,604)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>6,000,631</u>	<u>786,032</u>	<u>6,786,663</u>	<u>6,117,624</u>
EXPENSES				
Program	52,000	-	52,000	52,000
Fundraising	1,519,223	-	1,519,223	1,620,510
Management and general	<u>414,960</u>	<u>-</u>	<u>414,960</u>	<u>347,423</u>
Total expenses	<u>1,986,183</u>	<u>-</u>	<u>1,986,183</u>	<u>2,019,933</u>
CHANGE IN NET ASSETS	4,014,448	786,032	4,800,480	4,097,691
NET ASSETS				
Beginning of year	9,931,093	6,872,698	16,803,791	15,535,985
Support payments to the Commission	<u>(3,323,700)</u>	<u>-</u>	<u>(3,323,700)</u>	<u>(2,829,885)</u>
End of year	<u>\$ 10,621,841</u>	<u>\$ 7,658,730</u>	<u>\$ 18,280,571</u>	<u>\$ 16,803,791</u>

The Notes to Financial Statements are an integral part of these statements.

MPT FOUNDATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended June 30, 2024				Year Ended June 30, 2023
	Program Services	Fundraising	Management and General	Total	
Payroll and employee benefits	\$ -	\$ 551,723	\$ 96,226	\$ 647,949	\$ 599,607
Reimbursements for Commission					-
Investments, at fair value	-	536,157	76,487	612,644	560,530
Contract services	52,000	116,600	87,896	256,496	413,864
Conferences, conventions and meetings	-	161,117	81,518	242,635	258,728
Office expenses	-	68,517	22,165	90,682	51,528
Information technology	-	56,392	-	56,392	72,000
Occupancy	-	-	40,000	40,000	30,000
Program guide space	-	25,800	-	25,800	18,450
Dues	-	2,917	10,668	13,585	15,226
	<u>\$ 52,000</u>	<u>\$ 1,519,223</u>	<u>\$ 414,960</u>	<u>\$ 1,986,183</u>	<u>\$ 2,019,933</u>

The Notes to Financial Statements are an integral part of these statements.

**MPT FOUNDATION
STATEMENTS OF CASH FLOWS**

	Year Ended June 30,	
	2024	2023
OPERATING ACTIVITIES		
Change in net assets	\$ 4,800,480	\$ 4,097,691
Adjustments to reconcile change in net assets to In net cash provided by operating activities		
Net (gain) loss on investments	(1,006,851)	(682,469)
Bad debt allowance	14,397	-
Contributions restricted for long-term purposes	(253,846)	(113,026)
Changes in operating assets and liabilities		
Contributions receivable, net	220,101	1,314,761
Accrued commissions	(5,974)	(15,496)
Other accrued expenses	(45,931)	44,894
Refundable advances	5,000	(42,800)
Net cash provided by operating activities	<u>3,727,376</u>	<u>4,603,555</u>
INVESTING ACTIVITIES		
Purchase of investments	(4,363,207)	(3,630,212)
Increase in investments - short-term	(176,657)	(224,043)
Proceeds from sales of investments	<u>3,983,478</u>	<u>1,708,707</u>
Net cash used in investing activities	<u>(556,386)</u>	<u>(2,145,548)</u>
FINANCING ACTIVITIES		
Support payments to the Commission	(3,323,700)	(2,829,885)
Contributions restricted for long-term purposes	<u>253,846</u>	<u>113,026</u>
Net cash used in financing activities	<u>(3,069,854)</u>	<u>(2,716,859)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	101,136	(258,852)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>3,931,638</u>	<u>4,190,490</u>
End of year	<u>\$ 4,032,774</u>	<u>\$ 3,931,638</u>

The Notes to Financial Statements are an integral part of these statements.

MPT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

MPT Foundation, Inc. (the "Foundation") is a not-for-profit foundation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation's primary purpose is to support and promote the objectives of the Maryland Public Broadcasting Commission (the "Commission") in the following ways:

To facilitate fundraising programs and contributions from private sources to foster and promote the general welfare of the Commission;

To promote, sponsor and implement educational, scientific, charitable, and cultural activities for the benefit of the Commission; and

To accumulate and provide funds to be invested and to utilize the principal and income thereof for activities that enhance and further the mission of the Commission.

The Foundation and the Commission are financially interrelated organizations. The Foundation reports the fair value of assets received as contribution revenue and support payments to the Commission as a reduction in net assets. The Commission recognizes its right in the net assets held by the Foundation as an asset. The Foundation's financial statements do not include the accounts of the Commission.

Basis of Presentation

The Foundation follows the Not-For-Profit Entities Presentation of Financial Statements Topic of the FASB Accounting Standards Codification which requires it to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Cash and Cash Equivalents

The Foundation considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents.

Investments

The Foundation reports investment securities at fair value with gains and losses included in the statement of activities.

Contributions

Contributions are considered available for use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as revenue with donor restrictions that increase net assets with donor restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as revenue without donor restrictions. Otherwise, when a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

In-kind Contributions and Contributed Services

In-kind contributions are reflected as contributions at their fair value at the date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

MPT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Estimates

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

Summarized Prior Year Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should only be read in conjunction with the Foundation's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Income Taxes

The Foundation is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code on all income except unrelated business income. Certain income related to sale of advertising space and travel tours is considered unrelated business income. The Foundation's management believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation's policy is to reflect interest and penalties related to uncertain tax positions as part of its income tax expense, when and if they become applicable.

NOTE 2 - CONCENTRATION OF CREDIT RISK

The Foundation maintains cash balances with financial institutions that from time to time may exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC). The Foundation has not experienced any credit losses on its cash and investments to date, as it relates to FDIC and SIPC insurance limits. Management assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

NOTE 3 - CONTRIBUTIONS RECEIVABLE

Contributions receivable reflect unconditional donor pledges receivable as of June 30, 2024 and 2023

	2024	2023
Receivable in less than one year	\$ 542,223	\$ 666,170
Receivable in one to five years	-	100,000
	<u>542,223</u>	<u>766,170</u>
Allowance for doubtful accounts	(16,209)	(1,812)
Unamortized discount	-	(3,846)
	<u>\$ 526,014</u>	<u>\$ 760,512</u>

Contributions receivable are discounted at 4%. Amortization of the discount will be included in restricted revenue in future years.

MPT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)

NOTE 4 - INVESTMENTS

Investments reported at fair value are classified based on inputs used to determine the value as follows:

- Level 1 - Observable inputs that reflect unadjusted quoted prices for identical assets in active markets;
- Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, and;
- Level 3 - Unobservable inputs, such as reporting entity's data.

The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodologies used at June 30, 2024 and 2023. The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2024 and 2023:

	June 30, 2024		June 30, 2023	
	Level 1	Total	Level 1	Total
Mutual funds	<u>\$ 13,770,691</u>	<u>\$ 13,770,691</u>	<u>\$ 12,207,454</u>	<u>\$ 12,207,454</u>

The Foundation's investments are reported at their fair value determined by using quoted market prices in active markets and consist of the following at June 30:

	2024	2023
General		
Money market funds	\$ 176,474	\$ 110,676
Exchange traded products	265,591	217,833
Mutual funds - international	391,309	399,518
Mutual funds - bonds	1,444,183	1,430,093
Mutual funds - equity	<u>1,504,631</u>	<u>1,310,024</u>
Total general	<u>3,782,188</u>	<u>3,468,144</u>
Endowment		
Money market funds	285,059	164,759
Exchange traded products	464,223	335,782
Mutual funds - international	1,223,137	1,422,246
Mutual funds - bonds	2,361,166	2,250,143
Mutual funds - equity	<u>5,654,918</u>	<u>4,566,380</u>
Total endowment	<u>9,988,503</u>	<u>8,739,310</u>
	<u>\$ 13,770,691</u>	<u>\$ 12,207,454</u>

MPT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)

NOTE 5 - ENDOWMENT FUNDS

The Foundation established a charitable endowment that is comprised of several specific funds and one general fund. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation's Board of Directors has interpreted the Maryland Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies the original value of gifts designated by donors to be restricted in perpetuity as not subject to appropriation. The Foundation classifies the original value of contributions that have been designated by donors to one of the specific funds as well as all income on these endowment funds as subject to specified purpose or time period based on donor intent. In the absence of a purpose restriction on the use of endowment fund income, donor restrictions on the income will lapse only when and to the degree that management appropriates an amount for expenditure in a manner consistent with UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return.

Endowment net asset composition by type of fund as of June 30, 2024 **and 2023** is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
June 30, 2024			
Donor-restricted endowment funds	\$ -	\$ 7,135,829	\$ 7,135,829
Board-designated endowment funds	<u>2,852,674</u>	<u>-</u>	<u>2,852,674</u>
Total funds	<u>\$ 2,852,674</u>	<u>\$ 7,135,829</u>	<u>\$ 9,988,503</u>
June 30, 2023			
Donor-restricted endowment funds	\$ -	\$ 6,142,374	\$ 6,142,374
Board-designated endowment funds	<u>2,596,936</u>	<u>-</u>	<u>2,596,936</u>
Total funds	<u>\$ 2,596,936</u>	<u>\$ 6,142,374</u>	<u>\$ 8,739,310</u>

MPT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)

NOTE 5 - ENDOWMENT FUNDS (Cont'd.)

Changes in endowment net assets as of June 30, 2024 and 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2022	\$ 2,440,001	\$ 4,676,838	\$ 7,116,839
Contributions	928	1,101,839	1,102,767
Investment income	36,188	86,445	122,633
Net appreciation	158,879	379,523	538,402
Amounts appropriated for expenditure	<u>(39,060)</u>	<u>(102,271)</u>	<u>(141,331)</u>
Endowment net assets, June 30, 2023	2,596,936	6,142,374	8,739,310
Contributions	-	382,106	382,106
Investment income	55,449	128,374	183,823
Net appreciation	235,579	545,410	780,989
Amounts appropriated for expenditure	<u>(35,290)</u>	<u>(62,435)</u>	<u>(97,725)</u>
Endowment net assets, June 30, 2024	<u>\$ 2,852,674</u>	<u>\$ 7,135,829</u>	<u>\$ 9,988,503</u>

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are comprised of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for a specified purpose:		
Education/environmental programming	\$ 687,992	\$ 507,696
Regional programming and program acquisition	1,098,317	969,819
Arts programming	333,106	246,913
Artworks	<u>133,267</u>	<u>108,432</u>
	<u>2,252,682</u>	<u>1,832,860</u>
Subject to expenditure after specified time period:		
Underwriting contributions	522,901	634,170
Endowment contributions and earnings	<u>842,930</u>	<u>619,297</u>
	<u>1,365,831</u>	<u>1,253,467</u>
Original endowment gifts not subject to appropriation or expenditure:		
General	1,840,217	1,590,217
Education	1,400,000	1,396,154
Arts programming	650,000	650,000
Artworks	<u>150,000</u>	<u>150,000</u>
	<u>4,040,217</u>	<u>3,786,371</u>
Total net assets with donor restrictions	<u>\$ 7,658,730</u>	<u>\$ 6,872,698</u>

MPT FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS (Cont'd.)

NOTE 7 - RELATED PARTY

The Foundation reimburses the Commission for time spent by Commission employees on Foundation work and for building space used by Foundation employees. The total expense amounted to \$652,584 and \$590,530 for the years ended June 30, 2024 and 2023, respectively.

The Foundation purchased advertising space in the Commission's program guide and resold space to advertisers. Total expense paid to the Commission for advertising amounted to \$25,800 and \$18,450 for the years ended June 30, 2024 and 2023, respectively.

NOTE 8 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Foundation has a policy to structure its financial assets to be available as its general expenditures and other obligations come due. As part of its liquidity management, excess cash is invested in marketable securities until needed. For the years ended June 30:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 4,032,774	\$ 3,931,638
Contributions receivable, net	526,014	760,512
Investments	<u>13,770,691</u>	<u>12,207,454</u>
Total financial assets at year-end	<u>18,329,479</u>	<u>16,899,604</u>
Less amounts not available to be used within one year		
Board designated funds	2,852,674	2,596,936
Donor restricted funds	<u>7,658,730</u>	<u>6,872,698</u>
Financial assets not available to be used for general expenditures	<u>10,511,404</u>	<u>9,469,634</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 7,818,075</u>	<u>\$ 7,429,970</u>

NOTE 9 - PAYROLL PROTECTION PROGRAM LOAN

The Foundation received forgiveness and recognized \$87,662 under the Small Business Administration's Payroll Protection Program in December 2020. The Small Business Administration has the right to audit whether a borrower qualified for a Payroll Protection loan and met the condition for forgiveness of the loan up to six years after forgiveness is received. The Foundation believes the risk of noncompliance is not significant.

NOTE 10 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 22, 2025, the date that the financial statements were available to be issued. No recognized or non-recognized subsequent events were identified for recognition or disclosure in the financial statements.