

NORTHWEST INDIANA PUBLIC
BROADCASTING, INC.
Merrillville, Indiana

ANNUAL REPORT
September 30, 2020

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REPORT OF INDEPENDENT AUDITORS

**Board of Directors
Northwest Indiana Public
Broadcasting, Inc.
Merrillville, Indiana**

We have audited the accompanying financial statements of Northwest Indiana Public Broadcasting, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2020 and 2019, 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

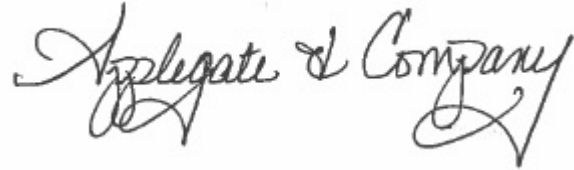
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 Northwest Indiana Public Broadcasting, Inc. as of September 30, 2020 and 2019, 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.

A handwritten signature in cursive script that reads "Applegate & Company". The signature is written in dark ink and is positioned above the printed name of the firm.

APPLEGATE & COMPANY
Certified Public Accountants

Michigan City, Indiana
February 18, 2021

NORTHWEST INDIANA PUBLIC BROADCASTING, INC.

STATEMENTS OF FINANCIAL POSITION
September 30, 2020 and 2019

	<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
<u>CURRENT ASSETS</u>			
Cash		\$1,205,544	\$ 707,312
Investments (Note 4)		150,596	79,179
Grants and accounts receivable (net of allowance for doubtful accounts: 2020-\$-0-, 2019-\$10,000)		158,994	549,893
Membership receivable		22,830	37,419
Prepaid expenses		43,887	53,469
Total current assets		<u>1,581,851</u>	<u>1,427,272</u>
<u>PROPERTY AND EQUIPMENT</u> (Note 5)		<u>818,566</u>	<u>1,013,309</u>
<u>OTHER ASSETS</u>			
Deposits		6,475	6,475
Radio license (Note 6)		1,076,682	1,076,682
Total other assets		<u>1,083,157</u>	<u>1,083,157</u>
Total assets		<u>\$3,483,574</u>	<u>\$3,523,738</u>
<u>LIABILITIES AND NET ASSETS</u>			
<u>CURRENT LIABILITIES</u>			
Current portion of long-term debt (Note 7)		\$ 422,480	\$ 58,602
Accounts payable		92,498	267,314
Accrued payroll and payroll taxes		46,161	37,013
Deferred revenue		250,196	319,749
Other liabilities			828
Total current liabilities		<u>811,335</u>	<u>683,506</u>
<u>LONG-TERM DEBT</u> (Note 7)			<u>426,564</u>
<u>NET ASSETS (NOTE 1)</u>			
Without donor restrictions		2,601,061	2,413,668
With donor restrictions		71,178	
Total net assets		<u>2,672,239</u>	<u>2,413,668</u>
Total liabilities and net assets		<u>\$3,483,574</u>	<u>\$3,523,738</u>

The accompanying notes are an integral part of these financial statements.

NORTHWEST INDIANA PUBLIC BROADCASTING, INC.

STATEMENTS OF ACTIVITIES

For the years ended September 30, 2020 and 2019

	2020			2019		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Revenue and support</u>						
Contributions - foundations	\$ 120,789		\$ 120,789	\$ 117,460		\$ 117,460
Contributions - bequests - television	212,825		212,825	35,116		35,116
Contributions - legacy foundation		\$ 25,000	25,000			
CPB - community service grant	447,095		447,095	458,157		458,157
IPBS - annual allocation	335,838		335,838	296,487		296,487
Fundraising and special events	800		800	72,263		72,263
Membership subscriptions	675,030		675,030	772,633		772,633
Transmission grants	287,000		287,000			
Production underwriting income	27,303		27,303	357,023		357,023
Program underwriting income	75,633		75,633	118,040		118,040
In-kind revenue - t.v.	42,994		42,994	24,353		24,353
Contributions - bequests - radio	90,075		90,075	15,050		15,050
Contributions - foundations - radio	2,951		2,951			
CPB - community service grant - radio	53,027	19,286	72,313	53,128	\$ 19,185	72,313
IPBS - annual allocation - radio	60,335		60,335	53,088		53,088
Membership subscriptions - radio	19,004		19,004	23,263		23,263
Transmission grants - radio	25,000		25,000	25,000		25,000
Underwriting income - radio	47,567		47,567	50,342		50,342
In-kind revenue - radio	18,426		18,426	10,437		10,437
Rental income	3,600		3,600	600		600
Investment income	2,662	185	2,847	2,256		2,256
Unrealized loss on investment		(4,007)	(4,007)			
Miscellaneous income	13,864		13,864	265,279		265,279

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NORTHWEST INDIANA PUBLIC BROADCASTING, INC.

STATEMENTS OF ACTIVITIES (CONTINUED)
For the years ended September 30, 2020 and 2019

	2020			2019		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Net assets transferred to endowment fund	(50,000)	50,000				
Net assets released from restrictions	19,286	(19,286)		19,185	(19,185)	
Gain on sale of fixed assets			19,599			19,599
Total revenue and support	<u>2,531,104</u>	<u>71,178</u>	<u>2,602,282</u>	<u>2,788,759</u>		<u>2,788,759</u>
Functional expenses (Note 3)						
Program services	2,094,345		2,094,345	1,946,382		1,946,382
Fundraising	6,258		6,258	45,525		45,525
General and administrative	754,644		754,644	851,248		851,248
Total expenses	<u>2,855,247</u>		<u>2,855,247</u>	<u>2,843,155</u>		<u>2,843,155</u>
Subtotal	<u>(324,143)</u>	<u>71,178</u>	<u>(252,965)</u>	<u>(54,396)</u>		<u>(54,396)</u>
Other income						
CARES Act stabilization grant - CPB - t.v.	200,000		200,000			
CARES Act stabilization grant - CPB - radio	112,136		112,136			
Economic Injury Disaster loan - SBA	10,000		10,000			
PPP loan forgiveness income	189,400		189,400			
Total other income	<u>511,536</u>		<u>511,536</u>			
INCREASE/(DECREASE) IN NET ASSETS	187,393	71,178	258,571	(54,396)		(54,396)
NET ASSETS AT BEGINNING OF YEAR	<u>2,413,668</u>		<u>2,413,668</u>	<u>2,468,064</u>		<u>2,468,064</u>
NET ASSETS AT END OF YEAR	<u>\$2,601,061</u>	<u>\$ 71,178</u>	<u>\$2,672,239</u>	<u>\$2,413,668</u>	<u>\$</u>	<u>\$2,413,668</u>

The accompanying notes are an integral part of these financial statements.

NORTHWEST INDIANA PUBLIC BROADCASTING, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the year ended September 30, 2020

	Program Services						Supporting Services		Total Expenses	
	Production	Engineering	Programming	Membership	Development	Radio	Total	Fundraising		Administration
Salaries and related expenses										
Salaries	\$182,494		\$ 79,607	\$ 83,642	\$ 53,023	\$151,302	\$ 550,068		\$324,588	\$ 874,656
Payroll taxes	12,898		6,341	4,783	4,616	12,563	41,201		23,785	64,986
Insurance - health	9,410		3,282	4,465	6,590	6,280	30,027		7,072	37,099
Mileage expense	2,007	\$ 150	17	98	886	869	4,027		167	4,194
Total salaries and related expenses	206,809	150	89,247	92,988	65,115	171,014	625,323		355,612	980,935
Advertising and promotion				280	25	258	563		5,203	5,766
Bad debt expense										
Bank fees and finance charges									230	230
Business insurance									43,520	43,520
Contract services		77,815	17,614	44,652			140,081		20,479	160,560
Credit card fees				25,906			25,906			25,906
Dues, subscriptions and licenses		22				61,881	61,903		41,855	103,758
Interest expense						17,787	17,787		1,528	19,315
Janitorial and maintenance									10,115	10,115
Miscellaneous	200			63	522	2,408	3,193		2,586	5,779
Personnel recruiting									30	30
Postage/shipping				3,068			3,068		5,143	8,211
Premium and premium expense				131,952			131,952			131,952
Print materials				30,752	5,241		35,993		21,856	57,849
Professional fees			156,424	916		554	157,894		67,821	225,715
Public broadcasting and other programming			368,871			39,345	408,216			408,216
Rent expense		177,806				18,900	196,706		84,000	280,706
Repairs and maintenance - building									6,038	6,038
Repairs and maintenance - equipment		18,452					18,452		10,755	29,207
Special event/fundraising expense								\$6,258		6,258
Supplies - general	15,614	14,286			1,632	258	31,790			31,790
Supplies - office									3,683	3,683
Telephone									17,633	17,633
Utilities		23,794				4,533	28,327		36,751	65,078
Vehicle expense									1,745	1,745
Property tax									1,441	1,441
Total expenses before depreciation	222,623	312,325	632,156	330,577	72,535	316,938	1,887,154	6,258	738,024	2,631,436
Depreciation	82,914	122,882				1,395	207,191		16,620	223,811
TOTAL EXPENSES	<u>\$305,537</u>	<u>\$435,207</u>	<u>\$632,156</u>	<u>\$330,577</u>	<u>\$ 72,535</u>	<u>\$318,333</u>	<u>\$2,094,345</u>	<u>\$6,258</u>	<u>\$754,644</u>	<u>\$2,855,247</u>

The accompanying notes are an integral part of these financial statements.

NORTHWEST INDIANA PUBLIC BROADCASTING, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the year ended September 30, 2019

	Program Services						Total	Supporting Services		Total Expenses
	Production	Engineering	Programming	Membership	Development	Radio		Fundraising	Administration	
Salaries and related expenses										
Salaries	\$166,883		\$ 80,811	\$ 63,760	\$103,960	\$147,798	\$ 563,212		\$317,032	\$ 880,244
Payroll taxes	12,823		5,134	4,212	8,524	10,352	41,045		24,742	65,787
Insurance - health	7,919		4,429	3,470	8,635	7,148	31,601		7,230	38,831
Mileage expense	2,617	\$ 300		161	2,231	874	6,183		672	6,855
Total salaries and related expenses	190,242	300	90,374	71,603	123,350	166,172	642,041		349,676	991,717
Advertising and promotion				2,150	451	151	2,752		3,309	6,061
Bad debt expense									3,038	3,038
Bank fees and finance charges									713	713
Business insurance									26,003	26,003
Contract services	5,550	2,485	3,691	33,952		1,410	47,088		6,567	53,655
Credit card fees				22,451			22,451			22,451
Dues, subscriptions and licenses							59,856		30,007	89,863
Interest expense							25,652		1,309	26,961
Janitorial and maintenance									12,259	12,259
Miscellaneous				129	2,589	87	2,805		1,543	4,348
Personnel recruiting									813	813
Postage/shipping				2,109			2,109		4,448	6,557
Premium and premium expense				112,615		545	113,160			113,160
Print materials				40,006	10,177		50,183		2,574	52,757
Professional fees			137,558	1,311			138,869		72,175	211,044
Public broadcasting and other programming			338,659			40,117	378,776			378,776
Rent expense						19,125	19,125		247,533	266,658
Repairs and maintenance - building									465	465
Repairs and maintenance - equipment		130,543					130,543			130,543
Special event/fundraising expense								\$45,525		45,525
Supplies - general	11,046	20,371			1,987	195	33,599			33,599
Supplies - office									14,173	14,173
Telephone									18,183	18,183
Utilities		12,449				6,410	18,859		32,357	51,216
Vehicle expense									1,466	1,466
Unrelated business income tax									1,533	1,533
Total expenses before depreciation	206,838	166,148	570,282	286,326	138,554	319,720	1,687,868	45,525	830,144	2,563,537
Depreciation	106,112	151,007				1,395	258,514		21,104	279,618
TOTAL EXPENSES	<u>\$312,950</u>	<u>\$317,155</u>	<u>\$570,282</u>	<u>\$286,326</u>	<u>\$138,554</u>	<u>\$321,115</u>	<u>\$1,946,382</u>	<u>\$45,525</u>	<u>\$851,248</u>	<u>\$2,843,155</u>

The accompanying notes are an integral part of these financial statements.

NORTHWEST INDIANA PUBLIC BROADCASTING, INC.

STATEMENTS OF CASH FLOWS

For the years ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase/(decrease) in net assets	\$ 258,571	\$ (54,396)
Add non-cash items:		
Depreciation	223,811	279,618
Interest on certificate of deposit	(239)	(444)
Loss on sale of asset		901
Unrealized loss on endowment fund	4,007	
Endowment fund income	(185)	
Matching grant for endowment fund	(25,000)	
Decrease/(increase) in assets:		
Grants and accounts receivable	390,899	(415,239)
Membership receivable	14,589	(17,648)
Prepaid expenses	9,582	(18,191)
Increase/(decrease) in liabilities:		
Accounts payable	(174,816)	(109,754)
Accrued payroll and payroll taxes	9,148	2,487
Deferred revenue	(69,553)	(62,055)
Other liabilities	(828)	828
	<u>639,986</u>	<u>(393,893)</u>
Net cash provided/(used) by Operating activities		
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of equipment	(29,068)	
Endowment fund investment	(50,000)	
Net cash used by investing activities	<u>(79,068)</u>	
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Debt reduction:		
Long-term	(62,686)	(57,779)
Net cash used by financing activities	<u>(62,686)</u>	<u>(57,779)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	498,232	(451,672)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>707,312</u>	<u>1,158,984</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$1,205,544</u>	<u>\$ 707,312</u>
	*	*
Schedule of Interest Paid in Arriving at Change in Net Assets		
Cash paid for interest	<u>\$ 19,315</u>	<u>\$ 26,961</u>

The accompanying notes are an integral part of these financial statements.

NORTHWEST INDIANA PUBLIC BROADCASTING, INC.

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS - Northwest Indiana Public Broadcasting, Inc. (the Station) is a not-for-profit organization, incorporated in the State of Indiana. The Station's purpose is to plan and provide non-commercial educational broadcasting while serving the educational, cultural, and instructional needs of the general public in Northwest Indiana and surrounding communities. The Station receives grants from public and governmental agencies, which is its primary source of revenue. It is the Station's responsibility to obtain revenues to meet operating expenses and capital requirements not funded by the receipt of grant money.

ACCOUNTING METHODS - The financial statements of Northwest Indiana Public Broadcasting, Inc. are prepared on the accrual basis of accounting.

INCOME TAXES - The Station is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and from state income taxes under Indiana law.

The Financial Accounting Standards Board (FASB) issued Accounting Standards Codification *Accounting for Uncertainty in Income Taxes*, that clarifies the accounting and recognition for income tax positions taken or expected to be taken in the Station's income tax returns. The Station has adopted the Standard. The Station evaluates all significant tax

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NORTHWEST INDIANA PUBLIC BROADCASTING, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

positions as required by generally accepted accounting principles in the United States. As of September 30, 2020, the Station does not believe that it has taken any tax positions that would require the recording of any tax liability nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next twelve months. The Station's income tax returns are subject to examination by the appropriate taxing jurisdictions and the open tax years are 2016-2019.

CASH EQUIVALENTS - All highly liquid investments with a maturity of three months or less when purchased are considered cash equivalents and are reflected as cash in the statement of cash flows.

FINANCIAL STATEMENT PRESENTATION - The Station uses Accounting Standards Codification (ASC), "Financial Statements of Not-for-Profit Stations," which requires the Station to report information regarding its financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Station. These net assets may be used at the discretion of the Station's management and the board of directors.

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NORTHWEST INDIANA PUBLIC BROADCASTING, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Station or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.
- Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified to net assets without donor restrictions in the statements of activities.

CONTRIBUTIONS RECEIVED AND CONTRIBUTIONS MADE - The Station uses Accounting Standards Codification, *Accounting for Contributions Received and Contributions Made*. Contributions including grants received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires

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NORTHWEST INDIANA PUBLIC BROADCASTING, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

During the years ended September 30, 2020 and 2019, the Station expensed less than \$750,000, respectively, of federal awards and thus is not subject to the audit and reporting requirements of the Uniform Guidance.

ACCOUNTS RECEIVABLE - Accounts receivable are recorded at net realizable value consisting of the carrying amount less an allowance for uncollectible accounts, as needed. The allowance for doubtful accounts represents management's best estimate of probable losses inherent in the account receivable balance. Management determines the allowance based on known troubled accounts, historical experience and other available existing information. The bad debt expense for the years ended September 30, 2020 and 2019 was \$-0- and \$3,038, respectively.

USE OF 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, disclosure of contingent assets and

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NORTHWEST INDIANA PUBLIC BROADCASTING, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results may differ from those estimated amounts.

FAIR VALUE OF FINANCIAL INSTRUMENTS - The Station has a number of financial instruments, none of which are held for trading purposes. The Station estimates that the fair value of all financial instruments at September 30, 2020 and 2019 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position. The estimated amounts have been determined by the Station using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the Station could realize in a current market exchange.

CONCENTRATION OF CREDIT RISK - The Station maintains cash balances at a financial institution located in Indiana. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of September 30, 2020, the Station's uninsured cash balances totaled \$1,118,269. These balances fluctuate greatly during the year and can exceed this \$250,000 limit at other times during the year.

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NORTHWEST INDIANA PUBLIC BROADCASTING, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ADVERTISING AND PROMOTION - Advertising and promotion costs are expensed as incurred. Advertising and promotion expense was \$5,766 and \$6,061 for the years ended September 30, 2020 and 2019.

VALUATION OF DONATED SERVICES AND MATERIALS - Donated services are recorded when the volunteer provides a specialized skill in which he/she is trained or employed to provide and the Station would otherwise need to purchase those services.

Donated services are valued at the market rate charged for the particular services being provided. Donated materials are valued based on the fair market value of the material as assigned by the donor.

INVESTMENTS - The Station has a certificate of deposit with a maturity over 90 days. The certificate is classified as investments and are valued at fair market value. Also included in investments is an endowment fund with the Legacy Foundation.

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NORTHWEST INDIANA PUBLIC BROADCASTING, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2020 and 2019

NOTE 2 - AVAILABILITY AND LIQUIDITY

The following represents the Station's financial assets at September 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash	\$1,205,544	\$ 707,312
Investments	150,596	79,179
Grants and accounts receivable	158,994	549,893
Membership receivable	<u>22,830</u>	<u>37,419</u>
Total financial assets	1,537,964	1,373,803
Less: beneficial interests in assets held by the Legacy Foundation	<u>(71,178)</u>	<u> </u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$1,466,786</u>	<u>\$1,373,803</u>

NOTE 3 - FUNCTIONAL EXPENSES

The costs of providing program and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting services benefited. Such allocations are allocated through direct entry in the accounting system by management.

NOTE 4 - INVESTMENTS

The Station held investments in the form of a certificate of deposit and endowment fund at September 30, 2020 and 2019. The certificate of deposit is valued at fair market value as follows:

- Continued -

NORTHWEST INDIANA PUBLIC BROADCASTING, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2020 and 2019

NOTE 4 - INVESTMENTS (Continued)

September 30, 2020

<u>Issuer</u>	<u>Origination Date</u>	<u>Maturity Date</u>	<u>Market Value</u>	<u>Interest Rate</u>
Peoples Bank	05/04/2019	11/04/2021	\$79,417	0.25%
Total Certificates of Deposit			<u>\$79,417</u>	

September 30, 2019

<u>Issuer</u>	<u>Origination Date</u>	<u>Maturity Date</u>	<u>Market Value</u>	<u>Interest Rate</u>
Peoples Bank	05/04/2019	11/04/2021	\$79,179	0.25%
Total Certificates of Deposit			<u>\$79,179</u>	

The Fair Value Measurements and Disclosures topic of the FASB Accounting Standards Codification establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than the quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Station uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Station measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs would be used only when Level 1 or Level 2 inputs were not available.

- Continued -

NORTHWEST INDIANA PUBLIC BROADCASTING, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2020 and 2019

NOTE 4 - INVESTMENTS (Continued)

The Station's certificate of deposit is reported at fair value in the accompanying statement of financial position as of September 30, 2020 and 2019:

Fair Value Measurements at September 30, 2020

<u>Financial Assets:</u>	<u>Fair Value</u>	<u>Quoted Market Prices (Level 1)</u>
Investments, at fair value		
Certificates of deposit	\$79,417	\$79,417
Total	<u>\$79,417</u>	<u>\$79,417</u>

Fair Value Measurements at September 30, 2019

<u>Financial Assets:</u>	<u>Fair Value</u>	<u>Quoted Market Prices (Level 1)</u>
Investments, at fair value		
Certificates of deposit	\$79,179	\$79,179
Total	<u>\$79,179</u>	<u>\$79,179</u>

The endowment fund is restricted in perpetuity to continue the purpose of the Organization and is managed by third party trustees. Income generated by the assets held in the endowment fund is to be used for operations and is distributed to the Organization annually. Gains realized on the investments are recorded on the Organization's books, but are retained in the trust to be distributed to the Organization at the trustees' discretion. The endowment funds have been recorded at market value of \$71,178 and \$-0- as of September 30, 2020 and 2019,

- Continued -

NORTHWEST INDIANA PUBLIC BROADCASTING, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2020 and 2019

NOTE 4 - INVESTMENTS (Continued)

respectively. The unrealized loss of \$4,007 for the year ended September 30, 2020 is reflected as change in net assets on the statements of activities.

NOTE 5 - PROPERTY AND EQUIPMENT

Property, equipment and improvements are carried at cost if purchased or fair value if contributed. Depreciation expense is computed using straight-line methods over the estimated useful life of the assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any gain or loss resulting from the transaction is recognized for the period. The cost of repairs and maintenance is charged to income as incurred; significant renewals and betterments are capitalized. The depreciation expense for the years ended September 30, 2020 and 2019 was \$223,811 and \$279,618, respectively.

At September 30, 2020 and 2019, property and equipment consisted of the following:

- Continued -

NORTHWEST INDIANA PUBLIC BROADCASTING, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2020 and 2019

NOTE 5 - PROPERTY AND EQUIPMENT (Continued)

		<u>2 0 2 0</u>	
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Transmitter - digital	\$2,029,807	\$(1,664,953)	\$364,854
Transmitter - analog	995,457	(747,765)	247,692
Land improvements	98,993	(85,658)	13,335
Leasehold improvements	397,524	(362,709)	34,815
Production equipment	2,138,859	(2,071,830)	67,029
Engineering equipment	1,483,406	(1,461,257)	22,149
Satellite transmitter at studio	106,823	(106,823)	
Leasehold improvements - radio	20,928	(15,979)	4,949
Equipment - radio	25,000	(25,000)	
Office furniture/fixtures	130,639	(130,639)	
Office machines	137,386	(136,678)	708
Vehicles	36,425	(34,634)	1,791
Land	61,244		61,244
Website	47,601	(47,601)	
Total	<u>\$7,710,092</u>	<u>\$(6,891,526)</u>	<u>\$818,566</u>

- Continued -

NORTHWEST INDIANA PUBLIC BROADCASTING, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2020 and 2019

NOTE 5 - PROPERTY AND EQUIPMENT (Continued)

	<u>2 0 1 9</u>		
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Transmitter - digital	\$2,029,807	\$(1,568,728)	\$ 461,079
Transmitter - analog	966,389	(734,167)	232,222
Land improvements	98,993	(80,059)	18,934
Leasehold improvements	397,524	(356,686)	40,838
Production equipment	2,138,858	(1,988,916)	149,942
Engineering equipment	1,483,406	(1,448,196)	35,210
Satellite transmitter at studio	106,823	(106,823)	
Leasehold improvements - radio	20,928	(14,584)	6,344
Equipment - radio	25,000	(25,000)	
Office furniture/fixtures	130,639	(130,639)	
Office machines	137,386	(135,262)	2,124
Vehicles	36,425	(31,053)	5,372
Land	61,244		61,244
Website	47,601	(47,601)	
Total	<u>\$7,681,023</u>	<u>\$(6,667,714)</u>	<u>\$1,013,309</u>

NOTE 6 - INTANGIBLE ASSET

During fiscal year 2009, the Station purchased an FCC (Federal Communications Commission) regulated radio license for \$1,076,682. In accordance with generally accepted accounting principles, the radio license is not amortized since it has an indefinite life. Instead, this asset is tested annually for impairment. During the fiscal years ended September 30, 2020 and 2019, it was determined that there was no impairment and therefore, no change in the value of the radio license.

- Continued -

NORTHWEST INDIANA PUBLIC BROADCASTING, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2020 and 2019

NOTE 7 - LONG-TERM DEBT

A schedule of the Station's long-term debt at September 30, 2020 and 2019 with the current maturity thereof follows:

<u>Payee/ (Security)</u>	<u>Interest Rate</u>	<u>Payment Amount and Due Date</u>	<u>2020</u>	<u>2019</u>
Peoples Bank/ (All business assets)	5.00%	\$6,794 per month including interest until August 2021	<u>\$422,480</u>	<u>\$485,166</u>
Total			422,480	485,166
Less current maturities			<u>(422,480)</u>	<u>(58,602)</u>
Net long-term debt			<u>\$ -0-</u>	<u>\$426,564</u>

Long-term debt matures as follows:

2021	\$422,480
2022	
2023	
2024	
2025	
Total	<u>\$422,480</u>

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

The net assets with donor restrictions of the Organization consist of the following at September 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Legacy Foundation Endowment Fund	<u>\$71,178</u>	<u>\$-0-</u>
	<u>\$71,178</u>	<u>\$-0-</u>

- Continued -

NORTHWEST INDIANA PUBLIC BROADCASTING, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2020 and 2019

NOTE 9 - RETIREMENT PLAN

The Station maintains a non-contributory defined contribution plan covering all employees after a specific period of service. Contributions are provided for and funded in accordance with the plan document. Contributions to this plan for the years ended September 30, 2020 and 2019 were \$-0- and \$-0-, respectively.

NOTE 10 - BUILDING LEASE

In June 2018, the Station signed a new lease for the building. The lease term is three years, expiring May 31, 2021. The monthly rent for the current three year term is \$4,408.

The Station also received an in-kind contribution from TJ Property, Inc. for lease of the building in the amount of \$31,100 and \$31,100 for the years ended September 30, 2020 and 2019.

Total office space and production facility rental expenses for the years ended September 30, 2020 and 2019 were \$84,000 and \$84,000, respectively.

The Station has the following lease obligation in future years:

For the year ended
September 30,

2021	<u>\$35,264</u>
Total	<u>\$35,264</u>

- Continued -

NORTHWEST INDIANA PUBLIC BROADCASTING, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2020 and 2019

NOTE 11 - OPERATING LEASE

During 2016, the Station entered into a copier lease. The terms of the lease call for rental payments of \$727 through June 22, 2021. The total copier lease expense for the years ended September 30, 2020 and 2019 was \$8,724 and \$8,724, respectively. Future minimum rents under this lease are as follows:

2021	<u>\$6,543</u>
Total	<u>\$6,543</u>

In September 2018, the Station entered into a postage equipment lease. The terms of the lease call for rental payments of \$141 through September 2022. The total lease expense for the year ended September 30, 2020 and 2019 was \$1,692 and \$1,692, respectively. Future minimum rents under this lease are as follows:

2021	\$1,692
2022	<u>1,551</u>
Total	<u>\$3,243</u>

NOTE 12 - TOWER LEASES

Effective June 1, 2011, the Station executed a seven-year lease for tower space. The lease requires a monthly payment of \$13,995 with annual increases of 3.5% effective every June 1st. In June, 2018, the Station opted to renew the lease for an additional seven-year term. The lease expires in 2025, but the Station has the right to renew the lease for two additional seven-year terms.

- Continued -

NORTHWEST INDIANA PUBLIC BROADCASTING, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

September 30, 2020 and 2019

NOTE 12 - TOWER LEASES (Continued)

The Station is leasing tower space over a five-year term expiring in 2022. The lease requires monthly payments of \$1,575. The Station has the right to renew this lease for two additional terms of five years each with a 5% maximum increase per renewal term.

Total lease expense for the years ended September 30, 2020 and 2019 was \$196,706 and \$187,066, respectively.

Minimum future lease payments over the term of the leases are as follows:

For the year ended <u>September 30,</u>	
2021	\$200,902
2022	196,249
2023	194,966
2024	201,790
2025 and thereafter	<u>137,630</u>
Total	<u>\$931,537</u>

NOTE 13 - RELATED PARTY TRANSACTIONS

The Station received professional services from a company that is owned by a board member. During the fiscal year ended September 30, 2020 and 2019, amounts billed to the Station by the related party totaled \$125 and \$875, respectively.

NOTE 14 - BUILDING SUB-LEASE

In August of 2019, the Station entered into a new sub-lease to rent office space to an unrelated party in the amount of \$300 per month. The

- Continued -

NORTHWEST INDIANA PUBLIC BROADCASTING, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2020 and 2019

NOTE 14 - BUILDING SUB-LEASE (Continued)

lease term is for one year, expiring in July 2020. The lease continued on a month-to-month basis until December 2020 when an amendment to the original agreement extended the term to July 31, 2021. The total monthly rent received for the years ended September 30, 2020 and 2019 was \$3,600 and \$600, respectively. Future rent receipts under the lease are as follows:

2021	<u>\$3,000</u>
Total	<u>\$3,000</u>

NOTE 15 - SUBSEQUENT EVENTS

The Company has evaluated subsequent events through February 18, 2021, which is the date that the accompanying financial statements were available for issuance.

In December 2019, a novel strain of the coronavirus surfaced in Wuhan, China, and has spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the Organization could be materially adversely affected. The extent to which the coronavirus may impact the Organization's business activity will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the

- Continued -

NORTHWEST INDIANA PUBLIC BROADCASTING, INC.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
September 30, 2020 and 2019

NOTE 15 - SUBSEQUENT EVENTS (Continued)

severity of the coronavirus and the actions required to contain coronavirus or treat its impact, among others.

The Organization received a loan under the Payroll Protection Program (PPP) from the Small Business Administration (SBA) due to the stay-at-home executive order issued by the Indiana Governor. The total of the loan was \$189,400 and was received to ensure the staff was paid during the stay-at-home order. The Organization also received a grant under the Economic Injury Disaster Loan from the Small Business Administration (SBA) due to the financial impact of the Covid-19 virus. The total amount that can be forgiven is \$189,400. Going forward, the loan may be forgiven, based on whether the Organization has met the criteria determined by the SBA. We believe it is probable this loan will be forgiven in fiscal year 2020. The full amount of the loan has been recorded as income from loan forgiveness on the statement of activities since the forgiveness can be reasonably assumed.

There are no material subsequent events that required recognition or additional disclosure in these financial statements, except as noted above.