



Financial Statements  
September 30, 2020 and 2019  
**Prairie Public Broadcasting, Inc.**

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## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of Prairie Public Broadcasting, Inc. (Organization), which comprise the statements of financial position as of September 30, 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 Prairie 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.

**Change in Accounting Principle**

As discussed in Note 1 to the financial statements, the Organization has adopted the provisions of Financial Accounting Standards Board Accounting Standards Update No. 2018-08, Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made applicable to contributions received. The Update was applied on a modified prospective basis to agreements that were not completed as of the date of adoption or were entered into after the date of adoption. Our opinion is not modified with respect to this matter.

**Other Matters****Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information (actual column) on pages 27 through 38 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information (actual column) on pages 27 through 38 is fairly stated in all material respects in relation to the financial statements as a whole.

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



Fargo, North Dakota  
January 14, 2021

Prairie Public Broadcasting, Inc.  
 Statements of Financial Position - Assets  
 September 30, 2020 and 2019

	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	\$ 6,550,309	\$ 2,067,193
Grants receivable	317,872	437,337
Contributions receivable, net of allowance for uncollectible accounts of \$14,100 in 2020 and \$13,000 in 2019	462,556	432,075
In-kind contributions receivable	26,563	37,500
Trade accounts receivable, net of allowance for uncollectible accounts of \$27,600 in 2020 and \$18,800 in 2019	193,772	294,999
Inventory	14,260	14,293
Prepaid expenses	99,074	504,184
Total current assets	7,664,406	3,787,581
Property and Equipment, Net	9,538,602	10,398,463
Other Assets		
Board directed endowment	4,876,709	4,280,237
Investments	1,117,821	3,113,583
In-kind contributions receivable, net of present value discount of \$105,000 in 2020 and \$116,000 in 2019	325,800	341,756
Patronage refunds receivable	651,829	631,275
Radio licenses	220,000	220,000
Total other assets	7,192,159	8,586,851
Total assets	\$ 24,395,167	\$ 22,772,895

Prairie Public Broadcasting, Inc.  
Statements of Financial Position - Liabilities and Net Assets  
September 30, 2020 and 2019

	2020	2019
Liabilities and Net Assets		
Current Liabilities		
Current portion of deferred contract revenues	\$ 6,750	\$ 6,750
Accounts payable	293,340	152,161
Accrued liabilities	787,443	696,341
Deferred grants revenues	-	660,894
Total current liabilities	1,087,533	1,516,146
Deferred Contract Revenues, Net of Current Portion	1,688	8,438
Total liabilities	1,089,221	1,524,584
Net Assets		
Without donor restrictions		
General reserves	10,703,391	9,015,429
Board designated	4,876,709	4,280,237
Property and equipment	6,888,144	7,657,949
Total without donor restrictions	22,468,244	20,953,615
With donor restrictions	837,702	294,696
Total net assets	23,305,946	21,248,311
Total liabilities and net assets	\$ 24,395,167	\$ 22,772,895

Prairie Public Broadcasting, Inc.  
Statement of Activities  
Year Ended September 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue			
Members	\$ 2,132,874	\$ -	\$ 2,132,874
Corporation for Public Broadcasting	1,815,834	-	1,815,834
Grants	355,668	214,031	569,699
State support	745,417	765,148	1,510,565
Underwriting	213,524	132,770	346,294
Fees	19,717	-	19,717
Gaming (net of prize payouts and cost of sales)	3,760,855	-	3,760,855
Other	322,211	20,054	342,265
Rents	910,324	-	910,324
Extinguishment of debt	-	946,400	946,400
Net investment return	526,080	19,226	545,306
Net assets released from restrictions	1,554,623	(1,554,623)	-
Total public support and revenue	<u>12,357,127</u>	<u>543,006</u>	<u>12,900,133</u>
Expenses			
Program services			
Television	4,233,926	-	4,233,926
Radio	1,621,998	-	1,621,998
Total program services	<u>5,855,924</u>	<u>-</u>	<u>5,855,924</u>
Support services			
Television development	378,277	-	378,277
Radio development	89,552	-	89,552
General administration	1,525,421	-	1,525,421
Total support services	<u>1,993,250</u>	<u>-</u>	<u>1,993,250</u>
Gaming and concessions	2,993,324	-	2,993,324
Total expenses	<u>10,842,498</u>	<u>-</u>	<u>10,842,498</u>
Revenues in Excess of Expenses and Increase in Net Assets	1,514,629	543,006	2,057,635
Net Assets, Beginning of the Year	<u>20,953,615</u>	<u>294,696</u>	<u>21,248,311</u>
Net Assets, End of Year	<u>\$ 22,468,244</u>	<u>\$ 837,702</u>	<u>\$ 23,305,946</u>

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

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



Prairie Public Broadcasting, Inc.  
Statement of Functional Expenses  
Year Ended September 30, 2020

	Program Services			Supporting Services				Gaming	Total
	Television	Radio	Total	Television Development	Radio Development	General and Administrative	Total		
Salaries	\$ 1,472,042	\$ 748,809	\$ 2,220,851	\$ -	\$ -	\$ 612,304	\$ 612,304	\$ 803,561	\$ 3,636,716
Depreciation	931,726	160,583	1,092,309	-	-	71,040	71,040	61,197	1,224,546
Supplies	9,406	500	9,906	-	-	9,304	9,304	915,500	934,710
Benefits	509,079	182,441	691,520	-	-	48,529	48,529	114,336	854,385
Gaming taxes	-	-	-	-	-	-	-	784,565	784,565
Program rights	526,292	-	526,292	-	-	-	-	-	526,292
Power costs	219,411	158,273	377,684	-	-	-	-	-	377,684
Miscellaneous	75,514	8,114	83,628	196,681	-	7,451	204,132	14,146	301,906
Contracted services	144,563	14,651	159,214	-	-	13,563	13,563	29,324	202,101
Program acquisition	-	245,097	245,097	-	-	-	-	-	245,097
Repairs and maintenance	76,932	18,297	95,229	-	-	131,593	131,593	4,509	231,331
Payroll taxes	101,689	55,068	156,757	-	-	52,754	52,754	-	209,511
Insurance	-	-	-	-	-	174,982	174,982	15,382	190,364
Rent and leases	56,215	-	56,215	-	-	10,806	10,806	165,434	232,455
Utilities	-	-	-	-	-	80,760	80,760	27,283	108,043
Professional fees	-	-	-	-	-	82,640	82,640	127	82,767
Bad debts	-	-	-	54,748	18,452	-	73,200	-	73,200
Membership	-	-	-	39,090	29,482	-	68,572	-	68,572
Premiums	-	-	-	61,737	-	-	61,737	-	61,737
Travel	18,691	3,537	22,228	870	-	10,690	11,560	24,469	58,257
Bank Fees	-	-	-	-	-	56,416	56,416	-	56,416
Printing and postage	22,431	2,095	24,526	18,628	-	7,803	26,431	3,180	54,137
Dues and subscriptions	13,596	-	13,596	-	-	38,627	38,627	-	52,223
New member acquisition	-	-	-	-	41,618	-	41,618	-	41,618
Equipment	295	11,438	11,733	-	-	26,893	26,893	2,893	41,519
Telephone	5,914	1,757	7,671	-	-	23,489	23,489	3,173	34,333
Computer	-	-	-	-	-	30,795	30,795	-	30,795
Production	24,961	-	24,961	-	-	-	-	-	24,961
Promotion	-	-	-	5,617	-	323	5,940	16,584	22,524
Program information	21,821	-	21,821	-	-	-	-	-	21,821
Cleaning	-	-	-	-	-	18,440	18,440	-	18,440
Satellite interconnection fees	-	11,338	11,338	-	-	-	-	-	11,338
Board costs	-	-	-	-	-	10,820	10,820	-	10,820
Vending	-	-	-	-	-	-	-	4,585	4,585
Hiring	-	-	-	-	-	4,056	4,056	-	4,056
Training	3,348	-	3,348	5	-	470	475	-	3,823
NSF checks	-	-	-	-	-	-	-	2,884	2,884
Workers compensation	-	-	-	-	-	806	806	192	998
Customer service	-	-	-	901	-	-	901	-	901
Interest	-	-	-	-	-	67	67	-	67
	<u>\$ 4,233,926</u>	<u>\$ 1,621,998</u>	<u>\$ 5,855,924</u>	<u>\$ 378,277</u>	<u>\$ 89,552</u>	<u>\$ 1,525,421</u>	<u>\$ 1,993,250</u>	<u>\$ 2,993,324</u>	<u>\$ 10,842,498</u>

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

	Program Services			Supporting Services				Gaming	Total
	Television	Radio	Total	Television Development	Radio Development	General and Administrative	Total		
Salaries	\$ 1,587,424	\$ 720,424	\$ 2,307,848	\$ -	\$ -	\$ 583,490	\$ 583,490	\$ 712,093	\$ 3,603,431
Depreciation	922,590	164,619	1,087,209	-	-	71,090	71,090	58,895	1,217,194
Benefits	521,888	184,757	706,645	-	-	62,010	62,010	120,705	889,360
Supplies	11,466	278	11,744	-	-	11,424	11,424	621,159	644,327
Gaming taxes	-	-	-	-	-	-	-	601,088	601,088
Program rights	553,021	-	553,021	-	-	-	-	-	553,021
Power costs	225,326	163,823	389,149	-	-	-	-	-	389,149
Miscellaneous	117,747	13,467	131,214	204,185	-	3,549	207,734	8,957	347,905
Contracted services	176,428	16,114	192,542	-	-	14,078	14,078	36,374	242,994
Program acquisition	-	238,844	238,844	-	-	-	-	-	238,844
Payroll taxes	116,548	51,071	167,619	-	-	50,454	50,454	-	218,073
Rent and leases	51,660	-	51,660	-	-	36,341	36,341	169,713	257,714
Insurance	-	-	-	-	-	168,527	168,527	15,570	184,097
Professional fees	-	-	-	-	-	139,213	139,213	120	139,333
Repairs and maintenance	46,826	8,959	55,785	-	-	60,611	60,611	2,096	118,492
Utilities	-	-	-	-	-	87,301	87,301	27,523	114,824
Travel	44,837	8,959	53,796	2,223	-	26,033	28,256	9,271	91,323
Membership	-	-	-	31,318	30,799	-	62,117	-	62,117
Printing and postage	31,958	2,595	34,553	15,550	-	7,743	23,293	2,524	60,370
Bad debts	-	-	-	48,239	11,997	-	60,236	-	60,236
Dues and subscriptions	14,111	-	14,111	-	-	45,441	45,441	-	59,552
Production	58,813	231	59,044	-	-	-	-	-	59,044
Bank Fees	-	-	-	-	-	58,570	58,570	-	58,570
New member acquisition	-	-	-	-	52,022	-	52,022	-	52,022
Premiums	-	-	-	48,149	-	-	48,149	-	48,149
Promotion	-	-	-	3,555	-	449	4,004	35,189	39,193
Computer	-	-	-	-	-	31,469	31,469	-	31,469
Telephone	6,853	1,933	8,786	-	-	18,910	18,910	2,543	30,239
Board Fees	-	-	-	-	-	26,654	26,654	-	26,654
Program information	19,918	-	19,918	-	-	-	-	-	19,918
Cleaning	-	-	-	-	-	17,705	17,705	-	17,705
Training	6,760	3,514	10,274	825	-	325	1,150	-	11,424
Satellite interconnection fees	-	10,875	10,875	-	-	-	-	-	10,875
Vending	-	-	-	-	-	-	-	5,569	5,569
Equipment	504	972	1,476	-	-	20	20	3,442	4,938
Workers compensation	-	-	-	-	-	3,020	3,020	338	3,358
Hiring	-	-	-	-	-	1,694	1,694	-	1,694
Customer service	-	-	-	586	-	-	586	-	586
NSF checks	-	-	-	-	-	-	-	(316)	(316)
	<u>\$ 4,514,678</u>	<u>\$ 1,591,435</u>	<u>\$ 6,106,113</u>	<u>\$ 354,630</u>	<u>\$ 94,818</u>	<u>\$ 1,526,121</u>	<u>\$ 1,975,569</u>	<u>\$ 2,432,853</u>	<u>\$ 10,514,535</u>

Prairie Public Broadcasting, Inc.  
Statements of Cash Flows  
Years Ended September 30, 2020 and 2019

	2020	2019
Operating Activities		
Change in net assets	\$ 2,057,635	\$ 1,241,544
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	1,224,546	1,217,194
Net change in unrealized gain and losses on investments	(363,391)	(9,814)
Net realized gains and losses on investments	(17,757)	(14,247)
In-kind contributions	26,893	(379,256)
Loss on sale of equipment	-	4,933
Changes in assets and liabilities		
Grants receivable	119,465	(43,278)
Contributions receivable	(30,481)	(29,641)
Trade accounts receivable	101,227	(40,425)
Inventory	33	1,757
Prepaid expenses	405,110	2,195
Accounts payable	141,179	(335,043)
Accrued liabilities	91,102	56,051
Deferred revenue	(667,644)	24,089
Net Cash from Operating Activities	3,087,917	1,696,059
Investing Activities		
Purchases and construction of property and equipment	(364,685)	(1,299,000)
Proceeds from sale of investments	3,798,954	2,303,515
Purchases of investments	(2,018,516)	(2,627,478)
Patronage refunds receivable	(20,554)	(27,361)
Purchase of radio license	-	(220,000)
Net Cash from (used for) Investing Activities	1,395,199	(1,870,324)
Net Change in Cash and Cash Equivalents	4,483,116	(174,265)
Cash and Cash Equivalents, Beginning of Year	2,067,193	2,241,458
Cash and Cash Equivalents, End of Year	\$ 6,550,309	\$ 2,067,193

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

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

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

**Basis of Accounting**

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

**Cash and Cash Equivalents**

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

**Grants Receivable**

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

**Contributions Receivable**

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

**Receivables and Credit Policies**

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

**Inventory**

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

**Prepaid Expenses**

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

**Property and Equipment**

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

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

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended September 30, 2020 and 2019.

### **Board Directed Endowment**

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

### **Investments**

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

### **Patronage Refund Receivable**

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

### **Net Assets**

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

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

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

### **Revenue 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, 2020.

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, 2020 were \$8,438.

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**

The Organization leases rooftop space from unrelated third parties, the value of which has been contributed. Contributed goods are recorded at fair value at the date of donation (Note 13).

### **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 \$494,000 and \$476,000 for the years ended September 30, 2020 and 2019.

### **Advertising**

The Organization uses advertising to promote its programs. The costs of advertising and promotion are expensed as incurred. During 2020 and 2019, advertising and promotion costs totaled \$62,569 and \$121,230.

### **Income Taxes**

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

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

### **Gaming Taxes**

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

### **Functional Allocation of Expenses**

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

### **Change in Accounting Policy**

#### *Contributions Received and Contributions Made*

The Organization has adopted the provisions of ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08) applicable to contributions received. ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and contributions made. Management has adopted this standard because it assists the Organization in evaluating whether transactions should be accounted for as contributions or exchange transactions and in determining whether a contribution is conditional.

As of October 1, 2019, the Organization has implemented the provisions of ASU 2018-08 applicable to contributions received on a modified prospective basis to agreements that were not completed as of the date of adoption or were entered after the date of adoption. Management has determined that the adoption had a material impact on the Organization's financial statements. During the year ended September 30, 2020, there was \$522,952 of contributions recorded in public support under net assets with donor restrictions. Deferred revenues of \$660,894 as of September 30, 2019 represented cost-reimbursable contracts received in advance and deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. After the adoption of ASU 2018-08, these deferred revenues were recorded as unconditional contributions in public support under net assets with donor restriction. The changes to promises to give and deferred revenues are reflected in the Statement of Cash Flows under the changes in assets and liabilities.



*Revenue Recognition*

As of October 1, 2019, the Organization adopted the provisions of FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, which provides a comprehensive revenue recognition model for all contracts with customers. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued financial statements were required on a retrospective basis. The presentation and disclosure of revenue have been enhanced in accordance with the standard.

**Reclassifications**

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

**Subsequent Events**

The Organization has evaluated subsequent events through January 14, 2021, 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:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 6,550,309	\$ 2,067,193
Receivables		
Grants	317,872	437,337
Contributions	462,556	432,075
Trade	193,772	294,999
Board directed endowment	4,876,709	4,280,237
Investments	<u>1,117,821</u>	<u>3,113,583</u>
	13,519,039	10,625,424
Less amounts not available to be used within one year		
Net assets designated by the board	(4,876,709)	(4,280,237)
Net assets with donor restrictions	<u>(837,702)</u>	<u>(294,696)</u>
	<u>\$ 7,804,628</u>	<u>\$ 6,050,491</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, 2020 and 2019:

	2020	2019
Land	\$ 680,971	\$ 680,971
Buildings and improvements	5,144,066	4,969,466
Vehicles and equipment	41,371,360	41,296,240
Construction in process	114,965	-
	<u>47,311,362</u>	<u>46,946,677</u>
Less accumulated depreciation	<u>(37,772,760)</u>	<u>(36,548,214)</u>
Net property and equipment	<u>\$ 9,538,602</u>	<u>\$ 10,398,463</u>

A significant portion of the Organization's equipment for producing and transmitting programs has been purchased with federal grant funds. Federal regulations require that the federal government be given a lien on such property. The lien is for a ten-year period beginning when the asset is placed in service.

The estimated remaining cost to complete the new tower and antenna in Minot is approximately \$335,000, which will be funded through the Federal Communications Commission.

**Note 4 - Investments**

**Board Directed Endowment**

The Board Directed Endowment investments at September 30, 2020 and 2019 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>2020</u>	<u>2019</u>
Board Directed Endowment		
Fixed income mutual funds	\$ 1,126,231	\$ 1,034,325
Equity securities	1,339,342	1,135,048
Stock mutual funds	2,358,767	2,050,249
Cash and cash equivalents	<u>52,369</u>	<u>60,615</u>
	<u>\$ 4,876,709</u>	<u>\$ 4,280,237</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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Investments		
Certificates of deposit	\$ 750,000	\$ 2,801,824
Endowment		
Fixed income mutual funds	124,659	108,672
Stock mutual funds	187,318	163,816
Cash and cash equivalents	18,621	3,557
Other	<u>37,223</u>	<u>35,714</u>
	<u>\$ 1,117,821</u>	<u>\$ 3,113,583</u>

**Note 5 - Net Assets with Donor Restrictions**

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

	<u>2020</u>	<u>2019</u>
Subject to Expenditure for Specified Purpose or Time		
Grants	\$ 99,066	\$ -
State support	391,043	-
Underwriting	<u>32,843</u>	<u>-</u>
	522,952	-
Endowments		
Perpetual in nature, earnings from which are subject to endowment spending policy appropriation		
Operations	<u>314,750</u>	<u>294,696</u>
	<u>\$ 837,702</u>	<u>\$ 294,696</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended September 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Satisfaction of purpose restrictions		
FCC Repack	\$ 114,965	\$ 950,042
PPP loan forgiveness	946,400	-
State support	374,105	344,898
Underwriting	<u>99,927</u>	<u>133,216</u>
	1,535,397	1,428,156
Restricted - Purpose appropriations		
General	<u>19,226</u>	<u>8,370</u>
	<u>\$ 1,554,623</u>	<u>\$ 1,436,526</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, 2020 and 2019, 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, 2020 and 2019, the Organization had the following endowment net asset composition by type of fund:

	Without Donor Restrictions	With Donor Restrictions	Total
September 30, 2020			
Board-designated endowment funds	\$ 4,876,709	\$ -	\$ 4,876,709
Donor-designated endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	314,750	314,750
	\$ 4,876,709	\$ 314,750	\$ 5,191,459

Prairie Public Broadcasting, Inc.

Notes to Financial Statements

September 30, 2020 and 2019

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

The following were the changes in the endowment net assets for the years ended September 30, 2020 and 2019:

	Without Donor Restriction	With Donor Restrictions	Total
Balance as of			
September 30, 2018	\$ 4,009,843	\$ 274,696	\$ 4,284,539
Contributions	119,787	20,000	139,787
Investment gain	150,607	8,370	158,977
Amounts appropriated	-	(8,370)	(8,370)
Balance as of			
September 30, 2019	4,280,237	294,696	4,574,933
Contributions	147,379	20,054	167,433
Investment gain	449,093	19,226	468,319
Amounts appropriated	-	(19,226)	(19,226)
Balance as of			
September 30, 2020	<u>\$ 4,876,709</u>	<u>\$ 314,750</u>	<u>\$ 5,191,459</u>

**Board Designated Endowment Performance since Creation**

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

Amount initially established in board designated endowment	\$ 250,000
Board designated contributions since creation	2,868,787
Investment income, net, since creation	<u>1,757,922</u>
Balance as of September 30, 2020	<u>\$ 4,876,709</u>

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

The Organization has a budget which provides for an improvement in working capital position. The improvement goal was set at 1% of revenues from ongoing operating revenues, which excludes revenues for land, building and equipment. For 2020, any actual improvement from operations of the working capital position above the budgeted goal, limited to \$200,000, is to be invested in the Organization's Board Directed Endowment Fund in the following fiscal year.

For fiscal year 2020, the improvement goal was set at \$74,162. As of September 30, 2020 and 2019, the working capital position was \$6,576,873 and \$2,271,435, which is an increase of \$4,305,438. The improvement above the budget goal of \$4,231,276. \$200,000 will be designated for investment in the board designated endowment in fiscal 2021.

### **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, 2020 and 2019.

### **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 \$165,269 and \$177,408 for the years ended September 30, 2020 and 2019.

**Note 8 - Funds Held by Foundations**

There were funds totaling approximately \$274,000 and \$247,000 held by various foundations at September 30, 2020 and 2019. 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 \$910,324 and \$872,431 for the years ended September 30, 2020 and 2019.

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

Years Ending September 30,	Amount
2021	\$ 873,489
2022	800,620
2023	607,690
2024	524,360
2025	421,348
Thereafter	1,074,673
Total minimum payments receivable	\$ 4,302,180



**Note 10 - Fair Value of Assets**

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

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

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

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

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

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

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

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)
<b>September 30, 2020</b>				
Fixed income mutual funds	\$ 1,250,890	\$ 1,250,890	\$ -	\$ -
Equity securities	1,526,660	1,526,660	-	-
Stock mutual funds	2,358,767	2,358,767	-	-
Other investments	37,223	-	-	37,223
	<u>\$ 5,173,540</u>	<u>\$ 5,136,317</u>	<u>\$ -</u>	<u>\$ 37,223</u>
<b>September 30, 2019</b>				
Fixed income mutual funds	\$ 1,142,997	\$ 1,142,997	\$ -	\$ -
Equity securities	1,298,865	1,298,865	-	-
Stock mutual funds	2,050,249	2,050,249	-	-
Other investments	35,714	-	-	35,714
	<u>\$ 4,527,825</u>	<u>\$ 4,492,111</u>	<u>\$ -</u>	<u>\$ 35,714</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, 2018	\$ 35,327
Investment income (loss), net of expenses	2,021
Withdrawals	<u>(1,634)</u>
Balance, September 30, 2019	35,714
Investment income (loss), net of expenses	3,036
Withdrawals	<u>(1,527)</u>
Balance, September 30, 2020	<u>\$ 37,223</u>

Assets measured at fair value on a nonrecurring basis include the following at September 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Contributions received	<u>\$ 1,676,412</u>	<u>\$ 1,580,860</u>

Contributions receivable are reported at fair value at the date the promise is received.

## Note 11 - Commitments and Contingencies

### Operating Leases

The Organization leases a portion of its equipment under operating leases expiring during the next five years. The Organization also leases land on which to place its broadcast towers. These leases are also operating leases and expire over the next twenty years. Lastly, the Organization holds gaming leases which are short-term leases as they are renewed annually. The total rental expense for all operating leases was \$232,455 and \$257,714 for the years ended September 30, 2020 and 2019.

The following is a schedule of future minimum rental payments required under all long-term operating leases as of September 30, 2020.

<u>Years Ending September 30,</u>	<u>Amount</u>
2021	\$ 94,179
2022	86,364
2023	84,352
2024	76,414
2025	65,297
Thereafter	<u>921,816</u>
Total	<u>\$ 1,328,422</u>

### Self-Insurance

The Organization is self-insured with respect to certain employee medical costs. Terms of the plan include a stop-loss provision which limits the Organization's liability to \$35,000 per individual or approximately \$770,000 in aggregate annually. The self-insurance is included in accrued liabilities on the statement of financial position.

	<u>Beginning Balance</u>	<u>Expense</u>	<u>Claims Paid</u>	<u>Ending Balance</u>
2020	\$ 51,000	\$ 579,491	\$ (579,491)	\$ 51,000
2019	27,000	593,787	(569,787)	51,000

**Note 12 - Paycheck Protection Program (PPP) Loan**

The Organization was granted a \$946,400 loan under the PPP administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization initially recorded a note payable and subsequently recorded forgiveness when the loan obligation was legally released by the SBA. The Organization recognized \$946,400 of loan forgiveness income for the year ended September 30, 2020.

**Note 13 - In-Kind Contribution**

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:

Years Ending September 30,	Fair Value	Discount	Net
2021	\$ 26,563	\$ -	\$ 26,563
2022	25,000	(1,394)	23,606
2023	25,000	(2,061)	22,939
2024	25,000	(2,710)	22,290
2025	25,000	(3,340)	21,660
Thereafter	331,250	(95,945)	235,305
Total	\$ 457,813	\$ (105,450)	\$ 352,363

**Note 14 - Contingencies**

**COVID-19 Pandemic**

During 2020, the world-wide coronavirus pandemic impacted 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 issuance of these financial statements, the current and future impact to the Organization is not known.



Supplementary Information  
September 30, 2020

**Prairie Public Broadcasting, Inc.**

Prairie Public Broadcasting, Inc.  
Supporting Schedule to the Statement of Activities  
Year Ended September 30, 2020

	Budget (unaudited)	Actual
<b>Television</b>		
Support and Revenue	\$ 4,343,980	\$ 5,333,865
Expenses		
Programming and production	2,587,820	2,075,105
Engineering	2,519,263	2,158,821
Development	380,660	378,277
Total expenses	5,487,743	4,612,203
Excess of Support and Revenue over Expenses	\$ (1,143,763)	\$ 721,662
<b>Radio</b>		
Support and Revenue	\$ 1,122,800	\$ 1,288,010
Expenses		
Programming and production	1,128,557	1,127,454
Engineering	514,450	494,544
Development	116,400	89,552
Total expenses	1,759,407	1,711,550
Excess of Expenses over Support and Revenue	\$ (636,607)	\$ (423,540)
<b>Corporate</b>		
Allocated to television	\$ 1,351,548	\$ 2,299,455
Allocated to radio	579,235	985,479
Total support and revenue	1,930,783	3,284,934
General and Administrative Expenses		
Allocated to television	1,049,208	1,067,795
Allocated to radio	449,660	457,626
Total expenses	1,498,868	1,525,421
Excess of Support and Revenue over Expenses	\$ 431,915	\$ 1,759,513
<b>Total</b>		
Support and Revenue	\$ 7,397,563	\$ 9,906,809
Expenses	8,746,018	7,849,174
Excess of Support and Revenue over Expenses	\$ (1,348,455)	\$ 2,057,635

Prairie Public Broadcasting, Inc.  
Schedule of Support and Revenue  
Year Ended September 30, 2020

	Budget (unaudited)	Actual
<b>Television</b>		
Membership (1)	\$ 1,595,000	\$ 1,676,412
CPB income (2)	1,278,900	1,519,405
ND state support (4)	360,000	708,368
MN state support (4)	577,209	541,162
Underwriting (5)	245,900	212,380
NCCEMS (3)	119,000	208,249
Educational fees (6)	29,000	19,717
MN capital grant (4)	10,871	16,035
Program products (8)	13,000	25,884
Foundation income (3)	20,000	22,883
CPB interconnection grant (2)	18,100	17,321
Broadcast income (8)	10,000	4,319
Grant income (3)	181,000	283,293
Special gifts (8)	3,000	190,926
Special events (8)	18,000	-
Canadian exchange (1)	(135,000)	(112,489)
	<b>4,343,980</b>	<b>5,333,865</b>
<b>Radio</b>		
Membership (1)	570,000	568,951
Underwriting (5)	222,600	133,914
CPB income (2)	170,200	279,108
ND state support (4)	140,000	245,000
Grant income (3)	14,000	55,274
Miscellaneous (8)	3,000	-
Special events (8)	3,000	5,763
	<b>1,122,800</b>	<b>1,288,010</b>

Prairie Public Broadcasting, Inc.  
Schedule of Support and Revenue  
Year Ended September 30, 2020

	Budget (unaudited)	Actual
Corporate		
Television		
Gaming net income (7)	\$ 647,472	\$ 537,272
Tower rent (9)	450,238	601,359
Contracted services (8)	142,090	22,638
Building rent (9)	35,868	35,868
Capital patronage (8)	17,500	37,822
Oil well royalties (8)	4,900	3,254
Interest income (10)	49,000	113,174
Other revenues (8)	6,580	4,703
Realized and unrealized gains and losses (10)	-	268,540
Endowment contribution (8)	-	14,038
Vending loss (8)	(2,100)	(1,693)
Extinguishment of debt (11)	-	662,480
	1,351,548	2,299,455
Radio		
Gaming net income (7)	277,488	230,259
Tower rent (9)	192,959	257,725
Contracted services (8)	60,896	9,702
Building rent (9)	15,372	15,372
Capital patronage (8)	7,500	16,209
Oil well royalties (8)	2,100	1,395
Interest income (10)	21,000	48,503
Other revenues (8)	2,820	2,015
Realized and unrealized gains and losses (10)	-	115,089
Endowment contribution (8)	-	6,016
Vending loss (8)	(900)	(726)
Extinguishment of debt (11)	-	283,920
	579,235	985,479
Total corporate	1,930,783	3,284,934
Total Support and Revenue	\$ 7,397,563	\$ 9,906,809
Gaming and concession expenses		
Allocated to television (7)	(1,846,469)	(2,095,327)
Allocated to radio (7)	(791,344)	(897,997)
Total gaming and concession expenses	\$ (2,637,813)	\$ (2,993,324)



Prairie Public Broadcasting, Inc.  
Schedule of Support and Revenue  
Year Ended September 30, 2020

	Budget (unaudited)	Actual
<b>Public Support and Revenue - Television</b>		
Membership (1)	\$ 1,460,000	\$ 1,563,923
CPB income (2)	1,297,000	1,536,726
Grants (3)	320,000	514,425
State Support (4)	948,080	1,265,565
Underwriting (5)	245,900	212,380
Fees (6)	29,000	19,717
Gaming (net of prize payouts and cost of sales) (7)	2,493,941	2,632,599
Other (8)	212,970	301,891
Rents (9)	486,106	637,227
Net investment return (10)	49,000	381,714
Extinguishment of debt (11)	-	662,480
	<u>7,541,997</u>	<u>9,728,647</u>
<b>Public Support and Revenue - Radio</b>		
Membership (1)	570,000	568,951
CPB income (2)	170,200	279,108
Grants (3)	14,000	55,274
State Support (4)	140,000	245,000
Underwriting (5)	222,600	133,914
Gaming (net of prize payouts and cost of sales) (7)	1,068,832	1,128,256
Other (8)	78,416	40,374
Rents (9)	208,331	273,097
Net investment return (10)	21,000	163,592
Extinguishment of debt (11)	-	283,920
	<u>2,493,379</u>	<u>3,171,486</u>
<b>Public Support and Revenue (Summarized from Above)</b>		
Membership (1)	2,030,000	2,132,874
CPB income (2)	1,467,200	1,815,834
Grants (3)	334,000	569,699
State Support (4)	1,088,080	1,510,565
Underwriting (5)	468,500	346,294
Fees (6)	29,000	19,717
Gaming (net of prize payouts and cost of sales) (7)	3,562,773	3,760,855
Other (8)	291,386	342,265
Rents (9)	694,437	910,324
Net investment return (10)	70,000	545,306
Extinguishment of debt (11)	-	946,400
	<u>\$ 10,035,376</u>	<u>\$ 12,900,133</u>

Prairie Public Broadcasting, Inc.  
Schedule of Programming and Production Expenses – Television  
Year Ended September 30, 2020

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	Budget (unaudited)	Actual
Salary - Full-time	\$ 1,089,542	\$ 854,123
Program rights	528,178	526,292
Benefits	409,000	327,149
Production	32,800	24,961
Contracted services	166,900	106,051
Miscellaneous	116,030	79,506
FICA tax	78,800	60,343
Program information	21,400	21,821
Postage	35,200	22,431
Travel	43,750	8,721
Supplies	12,700	7,713
Dues and subscriptions	15,370	13,596
Training	12,500	3,348
Equipment repair	13,700	13,226
Telephone	2,650	2,532
Printing	4,500	-
Equipment	2,300	295
Set material	500	128
Salary - Part-time	500	1,304
Video tape	1,500	1,565
	<u>\$ 2,587,820</u>	<u>\$ 2,075,105</u>
Total programming and production expenses - television	<u>\$ 2,587,820</u>	<u>\$ 2,075,105</u>

Prairie Public Broadcasting, Inc.  
Schedule of Engineering Expenses – Television  
Year Ended September 30, 2020

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	Budget (unaudited)	Actual
Depreciation	\$ 1,200,000	\$ 931,726
Salary - Full-time	588,100	567,545
Power costs	237,900	219,411
Benefits	204,700	181,930
Transmitter repairs and maintenance	72,422	38,512
Video equipment repairs and maintenance	48,500	59,482
FICA tax	44,200	41,346
Travel	25,000	9,970
Salary - Part-time	30,000	49,070
Vehicle repair	5,200	4,224
Rents and leases	55,991	56,215
Training	2,000	-
Telephone	4,000	3,382
Equipment	750	-
Miscellaneous	500	(3,992)
	\$ 2,519,263	\$ 2,158,821
Total engineering expenses - television	\$ 2,519,263	\$ 2,158,821

**Prairie Public Broadcasting, Inc.**  
 Schedule of Programming and Production Expenses – Radio  
 Year Ended September 30, 2020

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	Budget (unaudited)	Actual
Salary - Full-time	\$ 547,800	\$ 557,821
Program acquisition	229,657	245,097
Benefits	171,900	165,606
Salary - Part-time	75,000	73,323
FICA tax	45,000	43,615
Contracted services	16,800	14,651
Travel	10,300	3,537
Training	7,200	-
Satellite interconnection fees	11,000	11,338
Miscellaneous	11,000	8,114
Postage	200	2,095
Telephone	2,200	1,757
Supplies	500	500
	<u>\$ 1,128,557</u>	<u>\$ 1,127,454</u>
Total programming and production expenses - radio	<u>\$ 1,128,557</u>	<u>\$ 1,127,454</u>

Prairie Public Broadcasting, Inc.  
Schedule of Engineering Expenses – Radio  
Year Ended September 30, 2020

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	<u>Budget</u> (unaudited)	<u>Actual</u>
Power cost	\$ 179,350	\$ 158,273
Depreciation	165,000	160,583
Salary - Full-time	118,600	117,665
Benefits	17,600	16,835
Repairs and maintenance	16,800	13,575
FICA tax	9,000	11,453
Audio repairs and maintenance	4,600	4,722
Equipment	<u>3,500</u>	<u>11,438</u>
 Total engineering expenses - radio	 <u>\$ 514,450</u>	 <u>\$ 494,544</u>

Prairie Public Broadcasting, Inc.  
Schedule of General and Administrative Expenses – Corporate  
Year Ended September 30, 2020

	Budget (unaudited)	Actual
Salary - Full-time	\$ 608,300	\$ 612,304
Insurance	173,000	174,982
Utilities	93,500	80,760
Depreciation	80,000	71,040
Bank charges	53,000	56,334
Benefits	49,300	48,529
Professional fees	84,400	82,640
Board costs	34,000	10,820
FICA tax	44,700	37,391
Travel	28,200	10,690
Interest	-	67
Dues and subscriptions	38,900	38,627
Repairs and maintenance - building	67,500	132,229
Computer	33,000	30,795
Cost of contracted services	15,000	13,563
Office supplies	11,250	9,304
Cleaning and custodial	18,500	18,440
Telephone	18,200	23,489
Postage and freight	8,300	7,803
Miscellaneous	7,500	7,451
Unemployment tax	4,000	2,737
Real estate tax	13,200	12,626
Promotion	2,000	323
Worker's compensation	1,500	806
Training	1,700	470
Hiring	5,000	4,056
Equipment	500	26,893
Rent and lease	11,118	10,806
Finance charges	-	82
Repairs and maintenance - vehicles and equipment	(6,700)	(636)
	\$ 1,498,868	\$ 1,525,421
Total general and administrative expenses - corporate		

Prairie Public Broadcasting, Inc.  
 Schedule of Development Expenses – Television  
 Year Ended September 30, 2020

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	Budget (unaudited)	Actual
New member acquisition	\$ 214,600	\$ 196,681
Premiums	50,000	61,737
Membership	49,100	39,090
Bad debts	40,000	54,748
Postage	17,800	18,628
Promotion	6,000	5,617
Travel	2,000	870
Customer service	360	901
Training	800	5
Total development expenses - television	\$ 380,660	\$ 378,277

Prairie Public Broadcasting, Inc.  
Schedule of Development Expenses – Radio  
Year Ended September 30, 2020

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	<u>Budget</u> (unaudited)	<u>Actual</u>
New member acquisition	\$ 57,800	\$ 41,618
Membership	40,100	29,482
Bad debt expense	<u>18,500</u>	<u>18,452</u>
Total development expenses - radio	<u>\$ 116,400</u>	<u>\$ 89,552</u>



Prairie Public Broadcasting, Inc.  
Schedule of Gaming Income and Direct Expenses  
Year Ended September 30, 2020

	Budget (unaudited)	Actual
Gaming Income		
Pull tabs	\$ 4,283,000	\$ 2,574,211
E-tabs	15,990,000	23,795,074
Bingo	3,281,880	2,494,435
Blackjack	380,340	219,432
Paddlewheel	61,680	24,789
Raffle	-	3,710
Poker	32,500	42,010
Promotional items and other	146,400	130,406
Vending	16,800	14,279
Total gaming income	24,192,600	29,298,346
Cost of Gaming Income		
Pull tab prizes	3,483,260	2,065,192
E-tab prizes	14,391,000	21,277,036
Poker prizes	25,975	34,525
Raffle prizes	-	2,865
Bingo prizes	2,729,592	2,157,873
Total cost of gaming income	20,629,827	25,537,491
Adjusted Gross Proceeds	3,562,773	3,760,855
Direct Expenses	(2,637,813)	(2,993,324)
Net Gaming Income	\$ 924,960	\$ 767,531
Direct Expenses		
Salaries	\$ 740,224	\$ 803,561
State gaming tax	567,655	613,465
Benefits	123,500	114,336
Rent and leases	179,940	165,434
FICA	115,632	101,855
Gaming supplies	659,540	897,255
Depreciation	53,388	61,197
Promotion	36,600	16,584
Utilities	27,600	27,283
Real estate taxes	30,000	31,213
Vending	5,700	4,585
Contracted services	28,740	29,324
Supplies	16,776	14,796
ND employment taxes	-	38,032
Insurance	15,300	15,382
Miscellaneous	6,538	14,146
Resale supplies	4,800	3,449
Kitchen supplies	120	-
Travel	12,440	24,469
Repair and maintenance - equipment	1,560	2,978
Bad debt	-	2,884
Repair and maintenance - building	1,200	1,531
Postage	3,120	3,180
Small equipment	3,600	2,893
Telephone	3,540	3,173
Accounting, audit, legal, and bank fees	120	127
Workers' compensation	180	192
Total direct expenses	\$ 2,637,813	\$ 2,993,324