FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

AND SUPPLEMENTAL INFORMATION

VERMONT ETV, INC.

JUNE 30, 2019 AND 2018

VERMONT ETV, INC.

JUNE 30, 2019 AND 2018

CONTENTS

GALLAGHER, FLYNN & COMPANY, LLP
www.gfc.com

CERTIFIED PUBLIC ACCOUNTANTS
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Independent Auditor's Report

To the Board of Directors of
Vermont ETV, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Vermont ETV, Inc., (a nonprofit corporation) which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles 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.

55 COMMUNITY DRIVE, SUITE 401
SOUTH BURLINGTON, VT 05403
802.863.1331

RIVERMILL COMMERCIAL CENTER, BOX A-9, SUITE E2-4
85 MECHANIC STREET
LEBANON, NH 03766
603.643.0043

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Vermont ETV, Inc., as of June 30, 2019 and 2018, and the changes in its net assets, its functional expenses, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Gallagher, Flynn & Company, LLP

December 2, 2019

VERMONT ETV, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30,

ASSETS

	2019	2018
CURRENT ASSETS		
Cash	$ -	$ 8,586
Pledges receivable, net	238,377	212,235
Accounts receivable, net	370,454	129,965
Prepaid expenses and other	240,479	156,140
Investments available for operations	1,351,584	3,022,489
Total current assets	2,200,894	3,529,415
PROPERTY AND EQUIPMENT, net	5,363,096	4,545,076
LONG-TERM INVESTMENTS	53,481,357	52,119,871
Total assets	$ 61,045,347	$ 60,194,362

LIABILITIES AND NET ASSETS

	2019	2018
CURRENT LIABILITIES		
Note payable - line of credit	$ 192,397	$ 162,586
Accounts payable	727,114	385,511
Accrued expenses	303,319	177,398
Deferred revenues - current portion	58,414	55,384
Total current liabilities	1,281,244	780,879
DEFERRED REVENUE, net of current portion	201,250	236,250
SUPPLEMENTAL BENEFIT PLAN LIABILITY	301,139	302,711
ACCRUED EXPENSES, non-current portion	764,566	459,768
Total liabilities	2,548,199	1,779,608
NET ASSETS		
Without donor restrictions	57,896,676	58,025,715
With donor restrictions	600,472	389,039
Total net assets	58,497,148	58,414,754
Total liabilities and net assets	$ 61,045,347	$ 60,194,362

The accompanying notes are an integral part of these statements.

VERMONT ETV, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30,

	2019			2018		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE						
Support:						
Membership contributions	$ 2,499,974	$ -	$ 2,499,974	$ 2,210,293	$ -	$ 2,210,293
Program and production underwriting	84,840	295,081	379,921	193,954	376,591	570,545
Program grants	1,009,597	536,076	1,545,673	987,484	122,500	1,109,984
Revenue:						
License and lease revenue	1,336,744	-	1,336,744	1,198,991	-	1,198,991
Other	17,281	-	17,281	72,059	-	72,059
Reclassifications:						
Net assets released from restrictions	619,724	(619,724)	-	505,606	(505,606)	-
Total support, revenue and reclassifications	5,568,160	211,433	5,779,593	5,168,387	(6,515)	5,161,872
PROGRAM EXPENSES						
Programming	1,087,041	-	1,087,041	837,433	-	837,433
Production	1,261,441	-	1,261,441	1,489,340	-	1,489,340
Community engagement	63,034	-	63,034	82,052	-	82,052
Engineering	1,564,855	-	1,564,855	1,247,098	-	1,247,098
Communications	881,625	-	881,625	880,122	-	880,122
Total program expenses	4,857,996	-	4,857,996	4,536,045	-	4,536,045
EARNINGS (LOSS) FROM OPERATIONS BEFORE SUPPORTING EXPENSES AND DEPRECIATION AND AMORTIZATION EXPENSE	710,164	211,433	921,597	632,342	(6,515)	625,827
SUPPORTING EXPENSES						
Administration	949,313	-	949,313	866,607	-	866,607
Member services	604,748	-	604,748	502,665	-	502,665
Financial development	888,562	-	888,562	969,762	-	969,762
Total supporting expenses	2,442,623	-	2,442,623	2,339,034	-	2,339,034
EARNINGS (LOSS) FROM OPERATIONS BEFORE DEPRECIATION AND AMORTIZATION EXPENSE	(1,732,459)	211,433	(1,521,026)	(1,706,692)	(6,515)	(1,713,207)
DEPRECIATION AND AMORTIZATION EXPENSE	599,238	-	599,238	588,627	-	588,627
EARNINGS (LOSS) FROM OPERATIONS	(2,331,697)	211,433	(2,120,264)	(2,295,319)	(6,515)	(2,301,834)
NON-OPERATING INCOME (LOSS)						
FCC spectrum auction gain	-		-	55,445,576	-	55,445,576
Net return on investments	2,378,768	-	2,378,768	204,235	-	204,235
Loss on disposal of equipment	(157,240)	-	(157,240)	(14,201)	-	(14,201)
Total other income	2,221,528	-	2,221,528	55,635,610	-	55,635,610
CHANGE IN NET ASSETS BEFORE EFFECT OF SUPPLEMENTAL BENEFIT LIABILITY ADJUSTMENT	(110,169)	211,433	101,264	53,340,291	(6,515)	53,333,776
Supplemental benefit plan liability - related changes other than net periodic benefit cost	(18,870)	-	(18,870)	7,830	-	7,830
INCREASE (DECREASE) IN NET ASSETS	(129,039)	211,433	82,394	53,348,121	(6,515)	53,341,606
NET ASSETS, BEGINNING OF YEAR	58,025,715	389,039	58,414,754	4,677,594	395,554	5,073,148
NET ASSETS, END OF YEAR	$ 57,896,676	$ 600,472	$ 58,497,148	$ 58,025,715	$ 389,039	$ 58,414,754

The accompanying notes are an integral part of these statements.

VERMONT ETV, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019

	Program Services						Support Services				
	Programming	Production	Community Engagement	Engineering	Communications	Total Program Services	Administration	Member Services	Financial Development	Total Support Services	Total Program and Support Services
Salaries	$ 168,199	$ 648,287	$ 3,519	$ 496,371	$ 428,045	$ 1,744,421	$ 495,361	$ 197,520	$ 336,706	$ 1,029,587	$ 2,774,008
Employee benefits	40,322	161,289	1,613	185,482	64,516	453,222	74,088	64,516	78,225	216,828	670,050
Payroll taxes	12,516	48,241	262	36,936	31,852	129,807	36,861	14,698	25,055	76,614	206,421
Total salaries and related expenses	221,037	857,817	5,394	718,789	524,413	2,327,450	606,310	276,734	439,986	1,323,029	3,650,479
Acquisitions	663,785	3,638	-	-	-	667,423	-	-	-	-	667,423
Bank charges	6,261	18,607	864	10,324	6,553	42,609	-	5,074	293	5,367	47,976
Computer services & other communications	2,776	18,199	2,638	202,784	110,727	337,124	35,807	95,317	131,107	262,231	599,355
Insurance	17,620	28,100	2,430	28,252	23,847	100,249	16,101	14,278	21,265	51,644	151,893
Leases	2,308	8,463	769	8,463	3,847	23,850	5,386	3,078	4,616	13,080	36,930
Maintenance	1,261	38,101	946	260,790	3,071	304,169	3,228	1,082	1,576	5,886	310,055
Miscellaneous	1,509	282	208	2,448	178	4,625	1,248	1,223	1,692	4,163	8,788
Professional services	75,808	176,617	46,655	27,902	118,678	445,660	195,648	199,890	168,789	564,327	1,009,987
Promotion/Subscriptions/Dues	82,632	24,023	-	5,164	71,657	183,476	34,800	3,517	100,507	138,824	322,300
Provision for unrelated business income tax and related interest	-	-	-	-	-	-	24,630	-	-	24,630	24,630
Supplies	497	11,948	141	31,109	868	44,563	3,913	1,525	2,161	7,599	52,162
Travel	7,562	25,836	-	25,630	5,832	64,860	18,257	41	12,585	30,883	95,743
Utilities	3,985	49,810	2,989	243,200	11,954	311,938	3,985	2,989	3,985	10,959	322,897
Total expenses before depreciation	1,087,041	1,261,441	63,034	1,564,855	881,625	4,857,996	949,313	604,748	888,562	2,442,623	7,300,619
Depreciation and amortization	-	78,028	-	514,602	4,865	597,495	1,743	-	-	1,743	599,238
Total expenses	$ 1,087,041	$ 1,339,469	$ 63,034	$ 2,079,457	$ 886,490	$ 5,455,491	$ 951,056	$ 604,748	$ 888,562	$ 2,444,366	$ 7,899,857

The accompanying notes are an integral part of these statements.

VERMONT ETV, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

	Program Services						Support Services				
	Programming	Production	Community Engagement	Engineering	Communications	Total Program Services	Administration	Member Services	Financial Development	Total Support Services	Total Program and Support Services
Salaries	$ 63,110	$ 707,722	$ 48,290	$ 384,150	$ 419,104	$ 1,622,376	$ 319,252	$ 173,715	$ 392,440	$ 885,407	$ 2,507,783
Employee benefits	12,591	188,861	6,295	75,545	62,954	346,246	34,509	50,363	75,545	160,417	506,663
Payroll taxes	4,737	53,126	3,625	28,837	31,460	121,785	23,965	13,040	29,459	66,464	188,249
Total salaries and related expenses	80,438	949,709	58,210	488,532	513,518	2,090,407	377,726	237,118	497,444	1,112,288	3,202,696
Acquisitions	650,433	29,822	-	-	-	680,255	-	-	-	-	680,255
Bank charges	8,019	18,519	1,141	14,208	5,002	46,889	29,370	3,593	10,349	43,312	90,201
Computer services & other communications	1,280	24,957	9,033	135,320	119,271	289,861	38,200	128,835	151,754	318,789	608,650
Insurance	9,364	48,259	3,345	24,233	11,372	96,573	14,428	10,385	22,451	47,264	143,837
Maintenance	1,324	33,456	993	226,799	4,072	266,644	3,104	993	1,324	5,421	272,065
Miscellaneous	1,924	2,437	253	17,311	1,065	22,990	390	796	1,997	3,183	26,173
Professional services	4,000	269,227	4,437	56,092	71,610	405,366	306,010	106,404	202,303	614,717	1,020,083
Promotion/Subscriptions/Dues	76,745	22,395	1,166	3,503	128,870	232,679	33,281	9,125	61,435	103,841	336,520
Provision for unrelated business income tax and related interest	-	-	-	-	-	-	28,268	-	-	28,268	28,268
Supplies	475	18,219	172	16,960	3,299	39,125	5,052	2,074	3,450	10,576	49,701
Travel	-	29,451	729	13,253	11,750	55,183	27,347	769	13,823	41,939	97,122
Utilities	3,431	42,889	2,573	250,887	10,293	310,073	3,431	2,573	3,431	9,435	319,508
Total expenses before depreciation	837,433	1,489,340	82,052	1,247,098	880,122	4,536,045	866,607	502,665	969,762	2,339,034	6,875,079
Depreciation and amortization	-	100,767	-	465,334	4,804	570,905	2,335	6,310	9,077	17,722	588,627
Total expenses	$ 837,433	$ 1,590,107	$ 82,052	$ 1,712,432	$ 884,926	$ 5,106,950	$ 868,942	$ 508,975	$ 978,839	$ 2,356,756	$ 7,463,706

The accompanying notes are an integral part of these statements.

VERMONT ETV, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30,

	2019	2018
DECREASE IN CASH		
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	$ 82,394	$ 53,341,606
Adjustments to reconcile increase in net assets to cash used in operating activities:		
Net return on investments, including reinvested income	(2,557,234)	(294,597)
Depreciation and amortization	599,238	588,627
FCC spectrum auction gain	-	(55,445,576)
Loss on disposal of equipment	157,240	14,201
Supplemental benefit plan liability	31,918	5,615
Changes in assets and liabilities:		
Receivables	(266,631)	4,856
Other current assets	(84,339)	1
Accounts payable	341,603	35,075
Accrued expenses	430,719	(30,792)
Deferred revenues	(31,970)	(160,685)
Supplemental benefit plan liability	(33,490)	(34,059)
	(1,412,946)	(55,317,334)
Net cash used in operating activities	(1,330,552)	(1,975,728)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net proceeds from FCC spectrum auction	-	55,445,576
Purchase of investments	(15,591)	(56,710,053)
Net proceeds from sale of investments	2,882,244	3,939,494
Capital acquisitions	(1,574,498)	(892,989)
Net cash provided by investing activities	1,292,155	1,782,028
Subtotal (forward)	$ (38,397)	$ (193,700)

(CONTINUED)

VERMONT ETV, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30,

	2019	2018
Subtotal (forwarded)	$ (38,397)	$ (193,700)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from note payable - line of credit	29,811	37,253
Net cash provided by financing activities	29,811	37,253
Net decrease in cash	(8,586)	(156,447)
CASH, beginning of year	8,586	165,033
CASH, end of year	$ -	$ 8,586

Supplemental Disclosures of Cash Flows Information

	2019	2018
Cash paid during the year for:		
Interest expense	$ 2,121	$ 3,293
Income taxes	$ 999	$ 3,016

The accompanying notes are an integral part of these statements.

A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES

Overview of operations:

Vermont ETV, Inc., doing business as "Vermont PBS" (the Corporation), is a statewide not-for-profit public media organization, serving Vermont and the surrounding regions, with its headquarters in Winooski, Vermont. The Corporation distributes noncommercial content online through the world wide web and through direct community engagement, and broadcasts noncommercial content over a variety of spectrum under licenses issued by the Federal Communications Commission. The Corporation's content includes a variety of relevant issues, such as public affairs, educational, cultural and scientific topics, as well as artistic content. As a Public Broadcasting Service (PBS) member station, the primary source of content is PBS, with the Corporation providing localized context and content. The Corporation has transmission facilities on owned and leased land throughout the state of Vermont, and contracts for the use of these facilities with other commercial and noncommercial entities for broadcast and telecommunication purposes.

Accounting policies:

The following is a summary of the significant accounting policies applied in the preparation of the accompanying financial statements:

1. Basis of presentation

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities.* A main provision of this guidance was to condense the presentation of net assets from three classes (unrestricted, temporarily restricted, and permanently restricted) to two classes, as described more fully below. The guidance also enhances disclosures for board-designated amounts, composition of net assets with donor restrictions, liquidity, and expenses by both their natural and functional classification. The ASU has been applied retrospectively to all periods presented, and the Corporation has adjusted the presentation of these financial statements accordingly. There was no impact on total net assets or changes in net assets.

The Corporation's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), which requires the Corporation to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions (formerly referred to as "unrestricted"). Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Corporation. These net assets may be used at the discretion of management and the Board, and include board-designated funds that may be expended with approval of the Board.

A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES (continued)

1. Basis of presentation (continued)

Net assets with donor restrictions (formerly referred to as "temporarily restricted" and "permanently restricted"). 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 Corporation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

2. Cash and cash equivalents

For purposes of the statements of cash flows, the Corporation considers all highly liquid instruments with a maturity of three months or less to be cash equivalents.

3. Revenue recognition

License and lease revenue

The Corporation leases and licenses building and tower space, as well as capacity on a non-broadcast spectrum to lessees and licensees. Revenues associated with these agreements are recorded as license and lease revenue during the period covered. Payments received in advance are recorded as deferred revenues.

Contributions and promises to give

Contribution revenues include program grants, program and production underwriting and membership revenue from individual members. The fair value of membership to the member is de minimis; therefore, membership revenues are recognized upon receipt.

The Corporation accounts for contributions and promises to give under ASC Topic 958 *Not-For-Profit Entities*. Contributions received (including corporate underwriting agreements) are recorded as contributions with or without restriction, depending on the existence and/or nature of any donor restrictions. Contributions are recognized when the donor makes a promise to give to the Corporation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without restriction if the restrictions expire in the fiscal year in which the contributions are recognized.

A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES (continued)

3. Revenue recognition (continued)

Non-operating grants

Gifts of land, buildings, and equipment are presented as unrestricted support 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 support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Corporation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

4. Contributed materials and services

Materials contributed to the Corporation for resale or for use in operations are recorded at fair value as contribution revenue in the period received. Contributed services must either create or enhance nonfinancial assets of the Corporation and require a specialized skill that the Corporation would otherwise need to purchase in order to be recognized and recorded in the financial statements. Qualified contributed services are recorded at their fair value during the period in which the service is received. The value of contributed materials, services, and equipment meeting the criteria for recognition in the financial statements was approximately $76,000 in 2019 and $107,000 in 2018.

5. Accounts and pledges receivable

Accounts receivable are stated at the amount the Corporation expects to collect. The Corporation maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. Management considers the following factors when determining the collectability of specific customer accounts: customer creditworthiness, past transaction history with the customer, current economic industry trends, and changes in customer payment terms. If the financial condition of the Corporation's customers were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Corporation provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Corporation has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for doubtful accounts was $875 at June 30, 2019 and 2018.

A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES (continued)

5. Accounts and pledges receivable (continued)

Pledges receivable are stated at the amount the Corporation expects to collect. All pledges receivable are expected to be received within one year. The Corporation maintains allowances for doubtful accounts for estimated losses resulting from the inability of its contributors to make required payments. Management considers the history of collections of operating pledges to estimate the expected cash to be collected. Based on management's assessment, the Corporation provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Corporation has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to pledges receivable. The allowance for doubtful accounts was $1,110 and $2,429 at June 30, 2019 and 2018, respectively.

6. Fair value measurements

Under the Financial Accounting Standards Board (FASB) authoritative guidance on fair value measurements, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Corporation uses various methods including market, income, and cost approaches. Based on these approaches, the Corporation often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique.

These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Corporation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES (continued)

6. Fair value measurements (continued)

Based on the observability of the inputs used in the valuation techniques the Corporation is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.

Level 2: Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data. Level 2 also includes derivative contracts whose value is determined using a pricing model with observable market inputs or can be derived principally from or corroborated by observable market data.

Level 3: Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation; also includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data.

The Corporation has various processes and controls in place to ensure that fair value is reasonably estimated. The Corporation performs due diligence procedures over third-party pricing service providers in order to support their use in the valuation process. Where market information is not available to support internal valuations, independent reviews of the valuations are performed and any material exposures are escalated through a management review process.

During the years ended June 30, 2019 and 2018, there were no changes to the Corporation's valuation techniques that had, or are expected to have, a material impact on its financial position or change in net assets.

A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES (continued)

6. Fair value measurements (continued)

The following is a description of the valuation methodologies used for instruments measured at fair value:

Equity and other securities

Valued at the daily closing price as reported by the fund. Equity and other securities held by the Corporation are open-end mutual funds and exchange-traded closed-end funds that are registered with the Securities and Exchange Commission. The mutual funds are required to publish their daily net asset value (NAV) and to transact at that price. The exchange-traded closed end funds transact at the price valued on the New York Stock Exchange or similar active market. The equity and other securities held by the Corporation are deemed to be actively traded.

Corporate and municipal bonds

Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote if available.

U.S. government securities and asset-backed securities

Valued using pricing models maximizing the use of observable inputs for similar securities. The U.S. government securities and asset backed securities held by the Corporation are deemed to be actively traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Corporation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

To assess the appropriate classification of investments within the fair value hierarchy, the availability of market data is monitored. Changes in economic conditions or valuation techniques may require the transfer of investments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period.

A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES (continued)

7. Investments and investment income

Investments are recorded at fair value in the statement of financial position with changes in fair value during the period included in increases (decreases) in net assets. Amounts included in the statement of financial position as long-term investments are designated by the board for noncurrent purposes.

Gains and investment income that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the gains and investment income are recognized.

8. Property and equipment

Property and equipment are recorded at cost or, if acquired by a gift, at the fair market value at the date of the gift. The Corporation provides for depreciation on a straight-line basis over the assets estimated useful lives.

9. Impairment of long-lived assets

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows. An impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset.

10. Income taxes – other accrued expenses

The Corporation qualifies as a tax-exempt, not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code. The Corporation is, however, subject to federal and state income tax on net unrelated business income from certain leasing activities as defined in the applicable provisions of the Internal Revenue Code. The Corporation has a provision for unrelated business income taxes of approximately $500 in 2019 and $1,800 in 2018.

A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES (continued)

10. Income taxes – other accrued expenses (continued)

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Corporation may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Corporation has recognized a liability for potential additional income taxes payable and associated penalties and interest, which are included with other accrued expenses – non-current portion in the amounts of approximately $456,000 and $432,000 at June 30, 2019 and 2018, respectively. The Corporation has also included in the provision for unrelated business income taxes amounts, interest and penalties associated with unrecognized tax benefits, totaling approximately $19,300 in 2019 and $24,000 in 2018 for this potential matter. Interest and penalties associated with unrecognized tax benefits totaling approximately $4,900 in 2019 and $2,000 in 2018, are classified as additional income taxes in administration expenses in the statements of activities.

With few exceptions, the Corporation is no longer subject to U.S. federal income tax examinations by tax authorities for years before the year ended June 30, 2016.

11. Net assets

In accordance with Topic 958 *Not-For-Profit Entities*, the Corporation reports information regarding its financial position and activities, depending upon the existence or absence of donor restrictions on organization's endowment funds (both donor restricted endowment funds and board designated endowment funds) and in accordance with the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as adopted by the State of Vermont.

The Board has established four endowment funds that are Board designated including the “Frank & Peggy Taplin Fund,” “Wyant Fund,” “Board Designated Fund,” and “Spectrum Fund.” The funds in these accounts are available first to satisfy obligations of the Corporation, then for purposes designated by the Board of Directors.

A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES (continued)

11. Net assets (continued)

Return objective and risk parameters

The primary investment objectives of the "Frank & Peggy Taplin Fund," "Wyant Fund," and "Board Designated Fund," funds are safety, return on investment, liquidity, diversification, and cost control. This objective is to be achieved in a manner consistent with prudent risk-taking and will be reviewed and may be revised as the investment environment changes with the understanding that total return during any single period may deviate from the long-term objective.

The primary investment objectives of the "Spectrum Fund," is to maintain the purchasing power of the assets by generating a return, net of fees, that meets or exceeds the rate of inflation plus the rate of spending over five-year rolling periods. This objective is to be achieved in a manner consistent with prudent risk-taking and will be reviewed and may be revised as the investment environment changes with the understanding that total return during any single period may deviate from the long-term objective.

Strategies employed for achieving objectives

Management of the investment portfolios is accomplished through an authorized financial dealer or institution approved by the Corporation's Board of Directors. Investment activities are subject to the approval of the Corporation's Corporate Treasurer acting through the Corporation's Board of Directors, and are reviewed regularly by the Finance Committee of the Board. Investments are diversified by investment category within ranges approved by the Board.

The investment policy for the "Frank & Peggy Taplin Fund," "Wyant Fund," and "Board Designated Fund," requires that equity holdings are readily marketable securities traded on the major stock exchanges. Direct international equity investments of similar quality and marketability will be permitted, but will not exceed 10% of the portfolio. Fixed income investments include debt instruments of the U.S. Government and its agencies, corporations, or foreign denominated securities and 100% of the bond portfolio must be rated BBB investment grade or better. Short-term funds shall be issues of high-quality that are readily marketable. Venture capital funds, letter stocks, junk bonds and real estate properties are not permissible. Investments in real estate investment trusts are permissible. The use of mutual funds is highly encouraged.

A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES (continued)

11. Net assets (continued)

Strategies employed for achieving objectives (continued)

The investment policy for the "Spectrum Fund," requires that the Finance Committee of the Board review the asset allocation and recommend revisions on an on-going basis within the following ranges by asset category:

Cash	0% to 10%
Fixed income	20% to 50%
Equities	40% to 70%
Alternative investments	0% to 30%

The "Spectrum Fund" will also maintain at least 50% of the total portfolio in "liquid" assets that can be converted to cash within one week. Additionally, the total portfolio should not have more than 15% in illiquid assets, or securities that cannot be liquidated within one year.

Spending policy

Withdrawals from all board designated funds are made upon the approval of the Corporation's Board of Directors. Withdrawals can be made from capital appreciation, interest, dividends, or principal for any purpose approved by the Board of Directors.

Withdrawals from the "Frank & Peggy Taplin Fund," "Wyant Fund," and "Board Designated Fund" may be made, at the discretion of management up to 5% of the Fund's previous calendar year-end value, not to exceed the total return of the portfolio for the prior fiscal year. Additional withdrawals from the "Frank & Peggy Taplin Fund," "Wyant Fund," and "Board Designated Fund," can be made with approval of the Corporation's Board of Directors.

Withdrawals from the "Spectrum Fund" may be made at the discretion of management up to 5% of the Fund's previous calendar year-end value. Additional withdrawals from the "Spectrum Fund" can be made with approval of the Corporation's Board of Directors.

12. Measure of operations

The statements of activities report all changes in net assets, including changes in net assets from operating contributions consisting of program grants, license and lease revenues, and program expenses and supporting activities ("operating"), and other ("non-operating") activities. Non-operating activities are limited to other resources that generate return from investments and other activities considered to be not material to operations or that are unusual or nonrecurring in nature.

A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES (continued)

13. Functional expenses and allocation of shared costs

Expenses are charged to program and supporting services based on direct expenses incurred and allocations of common expenses. Common costs are allocated to program and supporting services based upon related estimated utilization. Specifically, employee benefits are allocated based on relative salaries and wages and occupancy costs based on relative square footage utilized in the activity.

14. Use of estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

15. Evaluation of subsequent events

In preparing these financial statements, the Corporation has evaluated events and transactions for potential recognition or disclosure through December 2, 2019, the date the financial statements were available to be issued.

A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES (continued)

16. Recently issued accounting pronouncements

The Corporation is currently evaluating the impact of adopting the following accounting standards on its financial statements.

Revenue recognition

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which provides a robust framework for addressing revenue recognition issues and, upon its effective date, replaces almost all existing revenue recognition guidance, including industry-specific guidance, in current U.S. generally accepted accounting principles. The revenue recognition policies of almost all entities will be affected by the new guidance in the ASU. The degree to which an entity's revenue recognition policies will change upon the adoption of the ASU, and the effects the changes will have on the entity's financial statements will vary depending on the nature and terms of the entity's revenue-generating transactions. In addition, entities in some industries likely will be affected by the new guidance in the ASU more than entities in other industries. The ASU is effective for years beginning after December 15, 2018.

Contributions received and contributions made

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-18, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* This ASU clarifies the guidance presented in Topic 958 for evaluating whether a transaction is a reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. The ASU is effective for resource recipients for years beginning after December 15, 2018 and for resource providers for years beginning after December 15, 2019.

A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES (continued)

16. Recently issued accounting pronouncements (continued)

Leases

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02 *Leases (Topic 842).* This ASU was issued in three parts: (a) Section A, Leases: Amendments to the FASB Accounting Standards Codification, (b) Section B, Conforming Amendments Related to Leases: Amendments to the FASB Accounting Standards Codification, and (c) Section C, Background Information and Basis for Conclusions. While both lessees and lessors are affected by the new guidance which includes many changes, the effects on lessees are much more significant. The most significant change for lessees is the requirement to recognize right-of-use assets and lease liabilities for all leases not considered short-term leases, affecting leases which previously were accounted for as operating leases. This ASU is effective for years beginning after December 15, 2020, and must be implemented using a modified retrospective approach.

B) AVAILABILITY AND LIQUIDITY

The following reflects the Corporation's financial assets that are estimated to be available to meet general expenditure needs within one year as of June 30, 2019:

Accounts receivable, net	$ 370,454
Pledge receivable, net	238,377
Investments available for operations	1,351,584
Total Financial Assets available for general expenditures within one year	$ 1,960,415

As part of the Corporation's liquidity management process, the Corporation structures its financial assets to be available as general and program expenditures, liabilities, and other obligations become due. The Corporation's investments include general investments and board-designated funds that are not subject to donor restrictions. The Board has approved $5,200,000 of appropriations to pay for 2020 operating expenses and capital expenditures from board designated investments, which total approximately $53,481,000 at June 30, 2019 (see Note I). Should an unforeseen need arise, approximately $51,846,000 would be available to draw upon with Board approval. In addition to these financial assets, the Corporation's history demonstrates a consistent pattern of support from the general public and the Corporation for Public Broadcasting (see Note J), so operations and resulting cash flows are budgeted assuming certain levels of ongoing support. Additionally, the Corporation has a $350,000 line of credit available to meet cash flow needs (see Note E).

C) INVESTMENTS

Investments include amounts that have been board designated (see Note I), which are included in non-current assets, and undesignated amounts, which are included in current assets as investments available for operations in the accompanying statements of financial position.

A summary of the Corporation's investments, according to the fair value hierarchy (see Note A6), are as follows at June 30:

	2019			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 2,018,064	$ -	$ -	$ 2,018,064
Investments at fair value:				
Stock, ETF, mutual fund securities	33,729,598	-	-	33,729,598
Bond based securities	10,844,771	-	-	10,844,771
	44,574,369	-	-	44,574,369
Debt securities:				
Corporate bonds	2,976,825	-	-	2,976,825
U.S. government securities	3,639,814	-	-	3,639,814
Asset-backed securities	1,623,869	-	-	1,623,869
	8,240,508	-	-	8,240,508
	$ 54,832,941	$ -	$ -	54,832,941
Amounts classified as current				1,351,584
				$ 53,481,357

C) INVESTMENTS (continued)

	2018			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 3,378,380	$ -	$ -	$ 3,378,380
Investments at fair value:				
Stock, ETF, mutual fund securities	29,757,552	-	-	29,757,552
Bond based securities	9,774,671	-	-	9,774,671
	39,532,223	-	-	39,532,223
Debt securities:				
Corporate bonds	5,845,592	-	-	5,845,592
U.S. government securities	3,499,341	-	-	3,499,341
Municipal bonds	-	1,990,525	-	1,990,525
Asset-backed securities	896,299	-	-	896,299
	10,241,232	1,990,525	-	12,231,757
	$ 53,151,835	$ 1,990,525	$ -	55,142,360
Amounts classified as current				3,022,489
				$ 52,119,871

The following summarizes the total investment return, all without donor restriction, in the statements of activities for the years ended June 30:

	2019	2018
Interest and dividend income	$ 1,357,875	$ 718,704
Net realized and unrealized gain (loss) on investments	1,199,359	(424,107)
	2,557,234	294,597
Commissions and fees	(178,466)	(90,362)
	$ 2,378,768	$ 204,235

D) PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	2019	2018
Building and improvements	$ 3,273,831	$ 3,278,209
Production and transmission equipment	9,912,493	10,336,479
Other equipment, furniture and fixtures	668,383	623,368
	13,854,707	14,238,056
Less accumulated depreciation and amortization	9,135,984	10,125,492
	4,718,723	4,112,564
Construction in process	644,373	432,512
	$ 5,363,096	$ 4,545,076

E) NOTE PAYABLE - LINE OF CREDIT

The Corporation has available a $350,000 line of credit with Northfield Savings Bank, which was renewed in September 2019, expiring in December 2019. Interest is payable at the *Wall Street Journal* prime rate (5.50% at June 30, 2019) and the note is secured by substantially all business assets.

F) RETIREMENT AND SUPPLEMENTAL BENEFIT PLANS

Retirement plan

The Corporation participates in a contributory retirement plan, which is an Internal Revenue Code Section 403(b) plan, covering all full-time employees, including those under a contract with International Brotherhood of Electrical Workers, Local 1228. The Teachers Insurance and Annuity Association, the College Retirement Equities Fund, and Fidelity Investments administer the investment options. All contributions are held in individual employee accounts, and the employee is immediately vested in all funds. Employees eligible for the Corporation's contribution must be at least 21 years of age, employed by the Corporation for one year and contribute a minimum of 2% of gross salary. The Corporation generally contributes an additional 5% of the employee's gross salary to the plan. Total retirement expenses charged to operations relating to the plan were approximately $70,000 in 2019 and $75,000 in 2018.

Supplemental benefit plan

The Corporation sponsors an unfunded noncontributory defined supplemental benefit insurance plan that is subject to modification or elimination at the exclusive discretion of the Corporation's Board of Directors, and is not a "vested" benefit. The plan covers employees who were qualified as of June 30, 1999, at which date the plan was frozen, which covers six retired employees and their spouses as of June 30, 2019 and 2018.

The plan provides a fixed quarterly stipend to participants for post-Medicare benefit coverage rather than paying post-Medicare claims. The plan also provides dental care benefits and life insurance coverage for participants.

The recording of benefits in these financial statements in accordance with ASC Topic 715, *Compensation - Retirement Benefits*, reflects the Corporation's historical practice of maintaining the plan, but is not an acknowledgement of any legal obligation on the part of the Corporation. The liability is based on an actuarial valuation as of the beginning of the year.

F) RETIREMENT AND SUPPLEMENTAL BENEFIT PLANS (continued)

Supplemental benefit plan (continued)

A summary of the supplemental benefit plan for the Corporation is as follows as of and for the years ended June 30:

	2019	2018
Accumulated benefit obligation	$ 301,139	$ 302,711
Funded status:		
Benefit obligation	$ 301,139	$ 302,711
Fair value of plan assets	-	-
Accrued benefit cost	$ 301,139	$ 302,711
Net periodic benefit costs charged to operations consists of:		
Interest cost	$ 11,381	$ 11,308
Amortization of transition obligation	10,400	10,400
Amortization of net actuarial loss	13,367	13,837
Amortization of prior year service benefit	(22,100)	(22,100)
Net periodic benefit cost	$ 13,048	$ 13,445

The change in the unrestricted net assets but not yet reclassified as components of net periodic benefit cost:

Balance, July 1, 2017	$ (103,231)
Net actuarial gain	5,693
Reclassification from amortization of transition obligation	10,400
Reclassification from amortization of net actuarial loss recognized this year	13,837
Recognition of periodic service benefit due to amendment	(22,100)
	7,830
Balance, June 30, 2018	(95,401)
Net actuarial loss	(20,537)
Reclassification from amortization of transition obligation	10,400
Reclassification from amortization of net actuarial loss recognized this year	13,367
Recognition of periodic service benefit due to amendment	(22,100)
	(18,870)
Balance, June 30, 2019	$ (114,271)

F) RETIREMENT AND SUPPLEMENTAL BENEFIT PLANS (continued)

Supplemental benefit plan (continued)

Weighted-average assumptions used to determine the net periodic benefit cost and year ending obligations included a discount rate of 3.27% at June 30, 2019 and 4.00% at June 30, 2018.

Benefits paid in 2019 and 2018 were $33,490 and $34,059 and are expected to be paid by the plan during the ensuing five years are approximately as follows for the years ending June 30:

2020	$ 32,200
2021	$ 33,300
2022	$ 28,300
2023	$ 26,300
2024	$ 24,400
Thereafter	$ 93,000

G) OPERATING LEASES AND LICENSING AGREEMENTS (AS LESSOR/LICENSOR)

The Corporation leases and licenses building and tower space on leased land (see Note H) and owned property, expiring at various dates, ranging from 2019 to 2038. These agreements are cancellable by either party with one year's notice. Some agreements allow for original terms of up to fifteen years with automatic renewal for up to an additional fifteen-year period. Some lease and license amounts are prepaid, and unearned portions are included in deferred revenue. Some agreements call for the return of prepaid amounts in the event the Corporation cancels the agreement, as specifically defined in the agreements.

Following is a summary of property held for lease and license at June 30:

	2019	2018
Buildings and towers	$ 2,203,056	$ 2,203,056
Less accumulated depreciation	1,317,633	1,287,040
	$ 885,423	$ 916,606

Lease and license revenue earned was approximately $1,337,000 in 2019 and $1,199,000 in 2018.

H) OPERATING LEASE (AS LESSEE) AND OTHER COMMITMENTS

Operating facility – accrued expenses, non-current

The Corporation entered into a noncancelable operating lease agreement on February 1, 2019 for its operating facilities in Winooski, Vermont through June 2024 with two five-year renewal periods available to extend the lease term to June 2034. Base monthly rental payments of $29,220 commenced on June 1, 2019 through July 2020. Thereafter, base monthly rent is $34,300 and will increase annually on each July 1 by the percentage increase in the applicable Consumer Price Index, as defined, subject to a minimum increase of 2% and a maximum increase of 4%.

Rent expense is recognized on a straight-line basis over the life of the lease, which includes the expected renewal periods, commencing with the occupancy period, which began in May 2019, at approximately $38,000 per month.

The agreement also provides for the reimbursement by the landlord of $286,493 of costs incurred by the Corporation related to the leased property ("Landlord's Contribution"), which is included in accounts receivable and accrued expenses, non-current at June 30, 2019. The Corporation will amortize the Landlord's Contribution on a straight-line basis over the term of the agreement, including the renewal periods, as a reduction to rent expense at approximately $1,600 per month. During 2019, amounts recognized as a charge to operations, net of the amortization of the Landlord's Contribution, were approximately $36,930. At June 30, 2019, the Corporation has recognized accrued rent of $9,239.

As of June 30, 2019, non-cancellable minimum lease payments are approximately $351,000 in 2020, $411,800 in 2021, $420,200 in 2022, $428,800 in 2023, $437,600 in 2024, and $4,893,200 thereafter.

Other operating leases

The Corporation leases land for mountaintop transmitters and the land upon which the studio and administrative facilities are located ("ground lease") from unrelated third parties under various operating leases with varying expiration dates. Expiration dates range from September 2020 through December 2025, and the ground lease expires December 2060. Annual payments range from $2,000 to $52,700. Certain agreements are cancelable by the lessee according to the terms of the agreement. As of June 30, 2019, non-cancellable minimum lease payments are approximately $160,400 in 2020, $161,900 in 2021, $149,500 in 2022, $144,500 in 2023, $111,900 in 2024, and $38,500 thereafter. Rental expense for related leases charged to operations approximated $226,600 in 2019 and $180,000 in 2018.

The Corporation is required to return the properties "to a natural state" in the event that the Corporation terminates the leases. No amounts have been included in the financial statements for these costs due to the uncertainty of timing and the cost is not estimable at June 30, 2019 and 2018.

H) OPERATING LEASE (AS LESSEE) AND OTHER COMMITMENTS (continued)

Commitments

The Corporation also has a contract with a third party for content aggregation and master control activities requiring monthly payments of $15,000, expiring January 2026. The Corporation has the option to cancel the agreement in January 2022 or January 2024, subject to the payment of an early termination fee of $275,000 or $50,000, respectively. As of June 30, 2019, the non-cancellable payments related to the agreement due in the future are $180,000 in 2020, $180,000 in 2021, and $90,000 in 2022.

The Corporation is also committed to a construction contract with a guaranteed maximum price of $1,900,000 for the renovation of the aforementioned operating facilities, which are subject to a lease agreement. Amounts related to this contract included in construction in progress and accounts payable was approximately $600,000 and $474,000 at June 30, 2019, respectively.

I) NET ASSETS

Without Donor Restrictions - Board Designated

The Board has established four board designated funds for certain purposes, the assets of which are available to satisfy the general obligations of the Corporation, but are for purposes designated by the Board. These board designated funds include two funds established for certain purposes by the donors over which the donors granted the Corporation's Board of Directors variance power, which grants the Board the discretion to utilize the net assets included in the funds for other purposes at its discretion. Board designated funds include the following:

- Frank & Peggy Taplin Fund: The Frank & Peggy Taplin fund was established for the purpose of supporting productions for Local Cultural and Natural Programming.
- Wyant Fund: The Wyant fund was established for the purpose of supporting cross-border programs that address issues within Vermont and Canada.
- Board Designated Fund: The Board Designated Fund was established to meet the needs of the Corporation for purposes at the discretion of the Board.
- Spectrum Fund: The Spectrum Fund was established to meet the needs of the Corporation for purposes at the discretion of the Board.

I) NET ASSETS (continued)

Without Donor Restrictions - Board Designated (continued)

The Corporation had the following board designated endowment-related activities:

	Frank & Peggy Taplin Fund	Wyant Fund	Board Designated Fund	Spectrum Fund	Total
Balance as of July 1, 2017	$ 729,460	$ 360,940	$ 950,447	$ -	$ 2,040,847
Additions	-	-	48,555	50,124,096	50,172,651
Investment gains (losses)	55,399	27,471	76,515	(105,164)	54,221
Appropriations	(39,000)	(19,000)	(51,000)	-	(109,000)
Investment fees	(5,284)	(2,615)	(6,935)	(39,014)	(53,848)
Balance as of June 30, 2018	740,575	366,796	1,017,582	49,979,918	52,104,871
Additions	-	-	15,000	-	15,000
Investment gain	56,937	27,924	77,316	2,380,364	2,542,541
Appropriations	-	(2,565)	-	(1,000,000)	(1,002,565)
Investment fees	(5,179)	-	(7,190)	(166,121)	(178,490)
Balance as of June 30, 2019	$ 792,333	$ 392,155	$ 1,102,708	$ 51,194,161	$ 53,481,357

With Donor Restrictions

Net assets with donor restrictions at June 30, 2019 and 2018 consist of amounts pledged and received under corporate underwriting agreements restricted for use in the following fiscal year, production grants restricted for use according to the terms of the agreements, and pledges receivable from individuals and grantors as follows:

	2019	2018
Net assets restricted by donors for use in a certain time period:		
Pledges receivable	$ 138,076	$ 34,790
Net assets restricted by donors for use in certain purposes:		
Production and engineering grants	289,038	136,124
Corporate underwriting agreements	173,358	218,125
	$ 600,472	$ 389,039

J) SIGNIFICANT FUNDING

The Corporation has received a significant portion of its operating revenue from the Corporation for Public Broadcasting (CPB) totaling approximately $997,500 in 2019 and $981,700 in 2018. Amounts related to CPB grants included in pledges receivable was $75,000 and $0 at June 30, 2019 and 2018, respectively.

K) FCC ACTIVITY

Spectrum auction

The Corporation participated in a “spectrum auction” (auction) conducted by the Federal Communications Commission (“FCC”) culminating in April 2017 as part of the FCC’s larger scope program to repackage certain spectrum. The FCC offered voluntary participant sellers to submit for auction certain licenses to use spectrum, which the FCC would then arrange to be purchased by participating buyers.

As a result of the auction, the Corporation irrevocably agreed to relinquish control of one license to use spectrum in exchange for gross proceeds (received in July 2017) of approximately $56.6 million, from which the Corporation paid selling costs of approximately $1.2 million. Therefore, the Corporation recognized a net gain of $55,445,576 as other income in the 2018 statement of activities. The terms of the auction agreements provided the Corporation the use of the relinquished spectrum until April 2019.

Spectrum re-pack

In conjunction with the auction, the FCC also imposed involuntary channel reassignments of licenses to use spectrum in its overall nationwide repackaging plan. The FCC has established a fund from the gross proceeds of the auction to reimburse licensees up to 90% of the qualified costs of equipment and construction. The Corporation’s investment to comply with these requirements, which includes acquisition of new equipment and construction of new facilities commenced in fiscal year 2019. Management estimates the total investment to be $1,120,000, of which $38,000 has been incurred through June 30, 2019. Pursuant to the terms of the auction, management estimates that the Corporation will be reimbursed for approximately $1,008,000 of its costs and has recognized a receivable related to expected reimbursements for eligible costs incurred of approximately $34,000 at June 30, 2019.