FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

AND SUPPLEMENTAL INFORMATION

VERMONT ETV, INC.

JUNE 30, 2020 AND 2019

VERMONT ETV, INC.

JUNE 30, 2020 AND 2019

CONTENTS

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

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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, 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 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.

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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, 2020 and 2019, 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

South Burlington, Vermont
November 3, 2020

VERMONT ETV, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30,

ASSETS

	2020	2019
CURRENT ASSETS		
Cash	$ 124,423	$ -
Pledges receivable, current, net	160,497	238,377
Accounts receivable, net	79,745	83,961
Grant receivable	555,175	-
Other receivable	34,106	286,493
Prepaid expenses and other	263,426	240,479
Investments available for operations	1,051,892	1,351,584
Total current assets	2,269,264	2,200,894
PROPERTY AND EQUIPMENT, net	8,433,412	5,363,096
PLEDGES RECEIVABLE, non-current portion	100,000	-
LONG-TERM INVESTMENTS	47,472,331	53,481,357
Total assets	$ 58,275,007	$ 61,045,347

LIABILITIES AND NET ASSETS

	2020	2019
CURRENT LIABILITIES		
Note payable - line of credit	$ -	$ 192,397
Accounts payable	516,857	727,114
Accrued expenses	600,980	303,319
Deferred revenue - current portion	92,005	58,414
Total current liabilities	1,209,842	1,281,244
DEFERRED REVENUE, net of current portion	166,250	201,250
SUPPLEMENTAL BENEFIT PLAN LIABILITY	289,295	301,139
ACCRUED EXPENSES, non-current portion	897,209	764,566
Total liabilities	2,562,596	2,548,199
NET ASSETS		
Without donor restrictions	54,459,113	57,896,676
With donor restrictions	1,253,298	600,472
Total net assets	55,712,411	58,497,148
Total liabilities and net assets	$ 58,275,007	$ 61,045,347

The accompanying notes are an integral part of these statements.

VERMONT ETV, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30,

	2020			2019		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE						
Support:						
Membership contributions	$ 2,610,590	$ -	$ 2,610,590	$ 2,499,974	$ -	$ 2,499,974
Program and production underwriting	81,308	220,307	301,615	84,840	295,081	379,921
Program grants	1,230,375	418,490	1,648,865	1,009,597	536,076	1,545,673
Revenue:						
License and lease revenue	1,176,526	-	1,176,526	1,336,744	-	1,336,744
Other	11,964	-	11,964	17,281	-	17,281
Reclassifications:						
Net assets released from restrictions	704,379	(704,379)	-	619,724	(619,724)	-
Total support, revenue and reclassifications	5,815,142	(65,582)	5,749,560	5,568,160	211,433	5,779,593
PROGRAM EXPENSES						
Programming	1,198,436	-	1,198,436	1,087,041	-	1,087,041
Production	1,063,397	-	1,063,397	1,261,441	-	1,261,441
Community engagement	148,846	-	148,846	63,034	-	63,034
Engineering	1,965,970	-	1,965,970	1,564,855	-	1,564,855
Communications	1,009,220	-	1,009,220	881,625	-	881,625
Total program expenses	5,385,869	-	5,385,869	4,857,996	-	4,857,996
EARNINGS (LOSS) FROM OPERATIONS BEFORE SUPPORTING EXPENSES AND DEPRECIATION AND AMORTIZATION EXPENSE	429,273	(65,582)	363,691	710,164	211,433	921,597
SUPPORTING EXPENSES						
Administration	1,355,238	-	1,355,238	949,313	-	949,313
Member services	615,155	-	615,155	604,748	-	604,748
Financial development	916,444	-	916,444	888,562	-	888,562
Total supporting expenses	2,886,837	-	2,886,837	2,442,623	-	2,442,623
EARNINGS (LOSS) FROM OPERATIONS BEFORE DEPRECIATION AND AMORTIZATION EXPENSE	(2,457,564)	(65,582)	(2,523,146)	(1,732,459)	211,433	(1,521,026)
DEPRECIATION AND AMORTIZATION EXPENSE	738,690	-	738,690	599,238	-	599,238
EARNINGS (LOSS) FROM OPERATIONS	(3,196,254)	(65,582)	(3,261,836)	(2,331,697)	211,433	(2,120,264)
NON-OPERATING INCOME (LOSS)						
Net return (loss) on investments	(505,713)	-	(505,713)	2,378,768	-	2,378,768
Loss on disposal of equipment	(106,637)	-	(106,637)	(157,240)	-	(157,240)
FCC Spectrum Repackaging Plan contributions	-	1,100,756	1,100,756	-	-	-
Net assets released from restrictions - FCC Spectrum Repack	382,348	(382,348)	-	-	-	-
Total non-operating income (loss)	(230,002)	718,408	488,406	2,221,528	-	2,221,528
CHANGE IN NET ASSETS BEFORE EFFECT OF SUPPLEMENTAL BENEFIT PLAN LIABILITY ADJUSTMENT	(3,426,256)	652,826	(2,773,430)	(110,169)	211,433	101,264
Supplemental benefit plan liability - related changes other than the service component of net periodic benefit cost	(11,307)	-	(11,307)	(18,870)	-	(18,870)
INCREASE (DECREASE) IN NET ASSETS	(3,437,563)	652,826	(2,784,737)	(129,039)	211,433	82,394
NET ASSETS, BEGINNING OF YEAR	57,896,676	600,472	58,497,148	58,025,715	389,039	58,414,754
NET ASSETS, END OF YEAR	$ 54,459,113	$ 1,253,298	$ 55,712,411	$ 57,896,676	$ 600,472	$ 58,497,148

The accompanying notes are an integral part of these statements.

VERMONT ETV, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	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	$ 194,288	$ 529,953	$ 69,169	$ 566,573	$ 427,718	$ 1,787,701	$ 750,079	$ 176,039	$ 386,840	$ 1,312,958	$ 3,100,659
Employee benefits	48,980	142,859	16,327	177,197	65,307	450,670	78,890	57,144	75,103	211,137	661,807
Payroll taxes	14,056	38,341	5,004	41,090	30,944	129,435	54,266	12,736	27,987	94,989	224,424
Total salaries and related expenses	257,324	711,153	90,500	784,860	523,969	2,367,806	883,235	245,919	489,930	1,619,084	3,986,890
Acquisitions	687,810	965	-	-	500	689,275	-	-	-	-	689,275
Bank charges	6,536	19,087	824	11,400	9,617	47,464	-	5,470	4,763	10,233	57,697
Computer services & other communications	3,040	14,482	23,251	242,458	101,064	384,295	31,053	92,706	121,643	245,402	629,697
Insurance	21,500	36,089	2,687	37,241	31,866	129,383	19,196	18,044	25,339	62,579	191,962
Leases	33,172	101,604	11,057	120,737	44,229	310,799	68,910	39,949	54,465	163,324	474,123
Maintenance	2,852	23,112	1,083	223,845	3,297	254,189	4,131	1,958	2,509	8,598	262,787
Miscellaneous	1,658	2,812	208	2,919	2,447	10,044	382	1,389	1,949	3,720	13,764
Professional services	63,688	111,051	15,082	201,037	86,205	477,063	289,355	207,290	123,566	620,211	1,097,274
Promotion/Subscriptions/Dues	115,191	6,741	3,141	7,263	201,960	334,296	36,582	-	87,105	123,687	457,983
Supplies	299	6,214	59	38,974	1,825	47,371	5,405	1,100	1,578	8,083	55,454
Travel	4,939	20,000	812	10,435	1,672	37,858	15,850	761	2,743	19,354	57,212
Utilities	427	10,087	142	284,801	569	296,026	1,139	569	854	2,562	298,588
Total expenses before depreciation	1,198,436	1,063,397	148,846	1,965,970	1,009,220	5,385,869	1,355,238	615,155	916,444	2,886,837	8,272,706
Depreciation and amortization	-	117,095	-	615,008	4,865	736,968	1,722	-	-	1,722	738,690
Total expenses	$ 1,198,436	$ 1,180,492	$ 148,846	$ 2,580,978	$ 1,014,085	$ 6,122,837	$ 1,356,960	$ 615,155	$ 916,444	$ 2,888,559	$ 9,011,396

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.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30,

	2020	2019
INCREASE (DECREASE) IN CASH		
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	$ (2,784,737)	$ 82,394
Adjustments to reconcile increase (decrease) in net assets to cash used in operating activities:		
Net (return) loss on investments, including reinvested income	332,382	(2,557,234)
Depreciation and amortization	738,690	599,238
Loss on disposal of equipment	106,637	157,240
Supplemental benefit plan liability	23,803	31,918
Changes in assets and liabilities:		
Receivables	(320,692)	(266,631)
Other current assets	(22,947)	(84,339)
Accounts payable	(276,493)	341,603
Accrued expenses	430,304	430,719
Deferred revenue	(1,409)	(31,970)
Supplemental benefit plan liability	(35,647)	(33,490)
Contributions restricted for long-term purposes	(1,100,756)	-
	(126,128)	(1,412,946)
Net cash used in operating activities	(2,910,865)	(1,330,552)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments including reinvested income	(792)	(15,591)
Net proceeds from sale of investments	5,977,128	2,882,244
Capital acquisitions	(3,849,407)	(1,574,498)
Net cash provided by investing activities	2,126,929	1,292,155
Subtotal (forward)	$ (783,936)	$ (38,397)

(CONTINUED)

VERMONT ETV, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30,

	2020	2019
Subtotal (forwarded)	$ (783,936)	$ (38,397)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for long-term purposes	1,100,756	-
Net proceeds from (payments on) note payable - line of credit	(192,397)	29,811
Net cash provided by financing activities	908,359	29,811
Net increase (decrease) in cash	124,423	(8,586)
CASH, beginning of year	-	8,586
CASH, end of year	$ 124,423	$ -

Supplemental Disclosures of Cash Flows Information

	2020	2019
Cash paid during the year for:		
Interest expense	$ 1,605	$ 2,121
Income taxes	$ 500	$ 999

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.

As disclosed in Note N, the Corporation has entered into a "Plan and Agreement of Merger" with Vermont Public Radio, Inc. to merge during the fiscal year ending June 30, 2021.

Accounting policies:

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

1. **<u>Basis of presentation</u>**

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. 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.

Net assets with donor restrictions. Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the 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.

A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES (continued)

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 revenue.

Contributions and promises to give

Contribution revenues include program grants, program and production underwriting and membership revenue from individual members. The fair value of the 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.

On June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *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 reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e., a contribution) and for distinguishing between conditional and unconditional contributions. 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.

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 or construct 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, acquired, or constructed 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 $40,000 in 2020 and $76,000 in 2019.

5. Receivables

Receivables 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 and donors and grantors to make promised payments. Management considers the following factors when determining the collectability of specific accounts: customer, donor, and grantor creditworthiness, past transaction history with the individual, current economic industry trends, and changes in payment terms. If the financial condition of the Corporation's customers, donors, or grantors 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 operations 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 the related receivable. The allowance for doubtful accounts was not material at June 30, 2020 and 2019.

A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES (continued)

5. Receivables (continued)

Pledges and grants receivable are stated at the amount the Corporation expects to collect. Pledges and grants receivable, which are expected to be received within one year totaled $715,672 and $238,377, at June 30, 2020 and 2019, respectively. Pledges and grants receivable, which are expected to be received in 2022 was $100,000 at June 30, 2020.

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, 2020 and 2019, 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.

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. Costs meeting the criteria for capitalization for self-constructed assets are capitalized and recorded at cost. During 2020, salaries and wages of approximately $247,000 were capitalized as part of the cost of the related assets. 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's provision for unrelated business income taxes is not material in 2020 and 2019.

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 $455,000 and $456,000 at June 30, 2020 and 2019, 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 $21,800 in 2020 and $19,300 in 2019 for this potential matter. Interest and penalties associated with unrecognized tax benefits totaling approximately $2,500 in 2020 and $4,900 in 2019, 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, 2017.

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 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 Board designated funds 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 objective 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.

A) SUMMARY OF OPERATIONS AND ACCOUNTING POLICIES (continued)

12. Measure of operations

The statements of activities report all changes in net assets, including changes in net assets from “operating activities” and “non-operating activities”. Operating activities include operating contributions consisting of program grants, license and lease revenues, and program expenses and supporting activities. Non-operating activities are limited to return on investments, contributions restricted for long-term capital expenditure or investment, and other activities considered to be not material to operations or that are unusual or nonrecurring in nature.

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 November 3, 2020, 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 Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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. Given the broad applicability and potentially significant ramifications of the guidance in the ASU, the FASB provided significantly delayed effective dates for its guidance. On June 3, 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606),* which provides for an optional one-year deferral for adopting the guidance in Topic 606. The Corporation elected the option to defer the adoption of this guidance until 2021.

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, 2021, and must be implemented using a modified retrospective approach.

B) SIGNIFICANT RISKS

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus (COVID-19) and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical areas in which the Corporation operates.

While it is unknown how long these conditions will last and what the complete financial effect will be to the Corporation, to date, the Corporation's activities have not been negatively impacted by these restrictions. The Corporation conducts its activities in the state of Vermont. The state's governor has issued an order restricting business operations to companies whose operations are determined to be "essential". The Corporation's operations are determined to be "essential"; therefore, under current government regulations, the Corporation's operations are unaffected. Further governmental restriction could impact future operations by way of limiting the Corporation's charitable, educational and social service activities. These further restrictions could result in declines in revenues, losses on investments, and the risk of not collecting accounts and pledges receivables.

As of June 30, 2020, there have been no significant effects on the Corporation's operations that have materially or adversely impacted estimates made in the financial statements, including allowances for doubtful accounts. Additionally, there have been no triggering events indicating that property and equipment should be evaluated for impairment. However, it remains reasonably possible that estimates made in the financial statements could be adversely impacted in the near term as a result of changes in demand or financial stability of the Corporation's services due to these conditions.

C) 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:

	2020	2019
Accounts receivable, net	$ 79,745	$ 370,454
Pledge receivable, net	160,497	238,377
Grant receivable	555,175	-
Investments available for operations	1,051,892	1,351,584
Total Financial Assets available for general expenditures within one year	$ 1,847,309	$ 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 $3,400,000 of appropriations to pay for 2021 operating expenses and capital expenditures from board designated investments, which total approximately $47,472,000 at June 30, 2020 (see Note K). Should an unforeseen need arise, approximately $44,072,000 would be available to draw upon with Board approval. In addition to these financial assets, the Corporation's history demonstrates a consistent pattern of raising support from the general public and the Corporation for Public Broadcasting (see Note L), thus operations and resulting cash flows are budgeted assuming certain levels of ongoing support, the actual results of which are monitored throughout the year. Additionally, the Corporation has a $350,000 line of credit available to meet cash flow needs (see Note F).

D) INVESTMENTS

Investments include amounts that have been board designated (see Note K), 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, all Level 1 according to the fair value hierarchy (see Note A6), are as follows at June 30:

	2020	2019
Cash and cash equivalents	$ 4,990,918	$ 2,018,064
Investments at fair value:		
Stock, ETF, mutual fund securities	26,846,311	33,729,598
Bond based securities	9,619,477	10,844,771
	36,465,788	44,574,369
Debt securities:		
Corporate bonds	2,811,759	2,976,825
U.S. government securities	1,712,920	3,639,814
Asset-backed securities	2,542,838	1,623,869
	7,067,517	8,240,508
Amounts classified as current	1,051,892	1,351,584
	$ 47,472,331	$ 53,481,357

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

	2020	2019
Interest and dividend income	$ 1,472,877	$ 1,357,875
Net realized and unrealized gain (loss) on investments	(1,805,259)	1,199,359
	(332,382)	2,557,234
Commissions and fees	(173,331)	(178,466)
	$ (505,713)	$ 2,378,768

E) PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	2020	2019
Building and improvements	$ 5,301,886	$ 3,273,831
Production and transmission equipment	10,019,880	9,912,493
Other equipment, furniture and fixtures	1,184,075	668,383
	16,505,841	13,854,707
Less accumulated depreciation and amortization	8,862,260	9,135,984
	7,643,581	4,718,723
Construction in process	789,831	644,373
	$ 8,433,412	$ 5,363,096

F) NOTE PAYABLE - LINE OF CREDIT

The Corporation has available a $350,000 line of credit with Northfield Savings Bank, expiring in December 2020. Interest is payable at the *Wall Street Journal* prime rate (3.25% at June 30, 2020) and the note is secured by substantially all business assets.

G) 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 $95,000 in 2020 and $70,000 in 2019.

G) RETIREMENT AND SUPPLEMENTAL BENEFIT PLANS (continued)

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, 2020 and 2019.

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.

A summary of the funded status of the supplemental benefit plan for the Corporation is as follows as of June 30:

	2020	2019
Accumulated benefit obligation	$ 289,295	$ 301,139
Funded status:		
Benefit obligation	$ 289,295	$ 301,139
Fair value of plan assets	-	-
Accrued benefit cost	$ 289,295	$ 301,139

During 2020, the Corporation adopted ASU 2017-07, *Compensation – Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost.* This ASU requires that an employer report the service cost component consistent with other compensation costs separately from the other components of net benefit cost as an other increase (decrease) in net assets. Implementation of the ASU did not result in a material impact on the Corporation's 2019 statements of activities and functional expenses.

G) RETIREMENT AND SUPPLEMENTAL BENEFIT PLANS (continued)

Supplemental benefit plan (continued)

The amounts recognized in operating expenses in the statements of activities related to the supplemental benefits plan was not material to the plan for the years ended June 30, 2020 and 2019. Amounts included in "supplemental benefit plan liability – related changes other than the service component of net periodic benefit cost" in the statements of activities of $11,307 and $18,870 was primarily composed of actuarial losses in 2020 and 2019, respectively.

Weighted-average assumptions used to determine the net periodic benefit cost and year ending obligations included a discount rate of 2.38% at June 30, 2020 and 3.27% at June 30, 2019.

Benefits paid in 2020 and 2019 were $35,647 and $33,490 and benefits expected to be paid by the plan during the ensuing five years and thereafter are approximately as follows for the years ending June 30:

2021	$ 30,300
2022	$ 28,300
2023	$ 26,300
2024	$ 24,400
2025	$ 22,400
Thereafter	$ 83,900

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

The Corporation leases and licenses building and tower space on leased land (see Note I) and owned property, expiring at various dates, ranging from 2020 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:

	2020	2019
Buildings and towers	$ 2,260,111	$ 2,203,056
Less accumulated depreciation	1,368,838	1,317,633
	$ 891,273	$ 885,423

Lease and license revenue earned was approximately $1,177,000 in 2020 and $1,337,000 in 2019.

I) OPERATING LEASES (AS LESSEE)

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 were required from June 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 timing of the recognition of rent expense and payments for rent resulted in an accrued liability, non-current, as of June 30, 2020 and 2019 of $157,517 and $10,822, respectively.

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 other receivables at June 30, 2019. The Corporation recognized the Landlord's Contribution as an accrued expense and is amortizing the contribution as additional rent expense on a straight-line basis over the term of the agreement, including the renewal periods, as a reduction to rent expense of approximately $1,600 per month. The Corporation has recognized unamortized accrued rent related to the Landlord Contribution of approximately $264,000 and $285,000 at June 30, 2020 and 2019, respectively.

Amounts recognized as a charge to operations, net of the amortization of the Landlord's Contribution, were approximately $474,000 and $37,000 in 2020 and 2019, respectively.

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 $55,300. Certain agreements are cancelable by the lessee according to the terms of the agreement. As of June 30, 2020, non-cancellable minimum lease payments are approximately $153,100 in 2021, $149,400 in 2022, $149,000 in 2023, $116,300 in 2024, $83,700 in 2025, and $41,800 thereafter. Rental expense for related leases charged to operations approximated $164,000 in 2020 and $226,000 in 2019.

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, 2020 and 2019.

J) COMMITMENTS AND CONTINGENCIES

University of Vermont

During 1990, the University of Vermont, the former licensee of Vermont ETV, Inc., donated certain start-up property to the Corporation in connection with its spin-off from the University. This property primarily included the various mountaintop transmitter sites located on Mount Mansfield, Mount Ascutney, Burke Mountain, Grandpa's Knob, Mount Pleasant, and the studio building in Colchester. In the event that the Corporation dissolves or ceases to exist or operate as a nonprofit, noncommercial telecommunications or broadcasting facility, the ownership of all of the donated assets and all proceeds from sales thereof shall immediately revert to the University of Vermont, subject to all then existing mortgages, liens, and encumbrances.

Other commitment

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, 2020, the non-cancellable payments related to the agreement due in the future are $180,000 in 2021 and $90,000 in 2022.

K) 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.

K) NET ASSETS (continued)

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

	Frank & Peggy Taplin Fund	Wyant Fund	Board Designated Fund	Spectrum Fund	Total
Balance as of July 1, 2018	$ 740,575	$ 366,796	$ 1,017,582	$ 49,979,918	$ 52,104,871
Additions	-	-	15,000	-	15,000
Investment gains	56,937	27,924	77,316	2,380,364	2,542,541
Appropriations	-	-	-	(1,000,000)	(1,000,000)
Investment fees	(5,179)	(2,565)	(7,190)	(166,121)	(181,055)
Balance as of June 30, 2019	792,333	392,155	1,102,708	51,194,161	53,481,357
Additions	-	-	791	-	791
Investment gains (losses)	46,523	23,015	64,735	(471,227)	(336,954)
Appropriations	-	-	-	(5,500,000)	(5,500,000)
Investment fees	(5,655)	(2,799)	(7,870)	(156,539)	(172,863)
Balance as of June 30, 2020	$ 833,201	$ 412,371	$ 1,160,364	$ 45,066,395	$ 47,472,331

With Donor Restrictions

Net assets with donor restrictions at June 30, 2020 and 2019 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, amounts related to the Spectrum repackaging plan (see Note L), and pledges receivable from individuals and grantors as follows:

	2020	2019
Net assets restricted by donors for use in a certain time period:		
Pledges receivable	$ 234,106	$ 138,076
Net assets restricted by donors for use in certain purposes:		
FCC Spectrum Repackaging Plan (see Note L)	744,604	-
Production and engineering grants	162,974	289,038
Corporate underwriting agreements	111,614	173,358
	464,017	462,396
	$ 1,253,298	$ 600,472

L) FEDERAL COMMUNICATION COMMISSION SPECTRUM REPACKAGING PLAN

The Corporation has licenses to use spectrum, which are subject to a nationwide involuntary repackaging plan coordinated by the Federal Communications Commission ("FCC") to reassign licenses to use spectrum. The FCC has established a fund ("FCC Spectrum Repackaging Plan") 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. Costs incurred related to the acquisition are properly capitalized in accordance with the Corporation's policy.

The Corporation incurred total costs of approximately $1,240,000 and $38,000 through June 30, 2020 and 2019, respectively, of which $446,321 was placed in service through June 30, 2020. Pursuant to the terms of the Plan, management estimates that the total amount the Corporation will be reimbursed for is approximately $1,135,000 of its costs and has recognized a grant receivable of approximately $555,000 and $34,000 at June 30, 2020 and 2019, respectively.

M) SIGNIFICANT OPERATING FUNDING

The Corporation has received a significant portion of its operating revenue from the Corporation for Public Broadcasting (CPB) totaling approximately $1,221,700 in 2020 and $997,500 in 2019. Amounts related to CPB grants included in pledges receivable was $0 and $75,000 at June 30, 2020 and 2019, respectively.

N) SUBSEQUENT EVENT

On September 9, 2020, the boards of directors of the Corporation and Vermont Public Radio ("VPR") voted to adopt a Plan and Agreement of Merger ("merger plan") to merge the two entities, pending FCC approval. The Corporation and VPR will continue to exist and function independently until the merger is consummated. The merger is expected to be finalized by June 30, 2021.