NEW HAMPSHIRE PUBLIC TELEVISION

NEW HAMPSHIRE PUBLIC BROADCASTING

Financial Report

June 30, 2017

CONTENTS

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Independent Auditors' Report

Board of Directors
New Hampshire Public Broadcasting
Durham, New Hampshire

Report on the Financial Statements

We have audited the accompanying financial statements of New Hampshire Public Broadcasting (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities 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.

Auditors' 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 audits to obtain reasonable assurance about whether the financial statements are free of 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Board of Directors
New Hampshire Public Broadcasting

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Hampshire Public Broadcasting as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses, on pages 18 and 19, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Macpage LLC

South Portland, Maine
December 20, 2017

Statements of Financial Position

June 30,

ASSETS	2017	2016
Current Assets		
Cash and cash equivalents	**$ 205,114**	$ 429,936
Accounts and grants receivable	**67,011**	126,300
Pledges receivable	**10,751**	22,232
Prepaid expenses	**13,091**	3,500
Investments - Board designated	**1,581,251**	1,510,668
Total Current Assets	**1,877,218**	2,092,636
Property and Equipment, Net	**3,143,751**	3,585,552
Other Assets		
Beneficial interest in split interest agreement	**30,477**	30,303
Beneficial interest in perpetual trusts	**1,514,705**	1,486,608
Total Other Assets	**1,545,182**	1,516,911
Total Assets	**$ 6,566,151**	$ 7,195,099
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	**$ 712,898**	$ 1,265,697
Accrued vacation	**137,700**	141,086
Deferred revenue	**20,000**	4,171
Line of credit	**550,000**	550,000
Short-term portion of loan payable	**23,872**	7,500
Total Current Liabilities	**1,444,470**	1,968,454
Long-Term Liabilities		
Obligations under life income agreement	**1,411**	5,301
Long-term portion of loan payable	**755,416**	17,631
Total Long-Term Liabilities	**756,827**	22,932
Total Liabilities	**2,201,297**	1,991,386
Net Assets		
Unrestricted	**2,726,214**	3,664,570
Temporarily restricted	**123,935**	52,535
Permanently restricted	**1,514,705**	1,486,608
Total Net Assets	**4,364,854**	5,203,713
Total Liabilities and Net Assets	**$ 6,566,151**	$ 7,195,099

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

Statement of Activities

Year Ended June 30, 2017	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating Revenues and Support				
Membership	$ 2,356,552	$ -	$ -	$ 2,356,552
Corporation for Public Broadcasting	1,003,983	-	-	1,003,983
Contributions	81,507	318,146	-	399,653
Auction	316,507	-	-	316,507
Underwriting	-	226,360	-	226,360
Contributions in-kind	151,667			151,667
Rental income	844,301	-	-	844,301
Other operating revenue	311,742	-	-	311,742
Investment income	67,030	-	-	67,030
Net assets released from restrictions	473,280	(473,280)	-	-
Total Operating Revenues and Support	5,606,569	71,226	-	5,677,795
Operating Expenses				
Program service				
Programming and production	2,318,213	-	-	2,318,213
Broadcasting	1,562,675	-	-	1,562,675
Program information	88,156	-	-	88,156
	3,969,044	-	-	3,969,044
Supporting service				
Fund raising and membership development	1,984,474	-	-	1,984,474
Management and general	825,531	-	-	825,531
	2,810,005	-	-	2,810,005
Total Operating Expenses	6,779,049	-	-	6,779,049
Changes in Net Assets from Operations	(1,172,480)	71,226	-	(1,101,254)
Non-Operating Activities				
Investment gains	84,124	-	-	84,124
Contributions for capital purposes	150,000	-	-	150,000
Change in value of beneficial interest in split interest agreement	-	174	-	174
Change in value of beneficial interest in perpetual trusts	-	-	28,097	28,097
Changes in Net Assets - Non-Operating	234,124	174	28,097	262,395
Change in Net Assets	(938,356)	71,400	28,097	(838,859)
Net Assets, Beginning of Year	3,664,570	52,535	1,486,608	5,203,713
Net Assets, End of Year	$ 2,726,214	$ 123,935	$ 1,514,705	$ 4,364,854

Statement of Activities

Year Ended June 30, 2016	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating Revenues and Support				
Membership	$ 2,324,237	$ -	$ -	$ 2,324,237
Corporation for Public Broadcasting	984,596	-	-	984,596
Contributions	140,673	314,700	-	455,373
Auction	320,642	-	-	320,642
Underwriting	-	219,025	-	219,025
Contributions in-kind	68,240			68,240
Rental income	714,014	-	-	714,014
Other operating revenue	145,785	-	-	145,785
Investment income	87,229	-	-	87,229
Net assets released from restrictions	581,570	(581,570)	-	-
Total Operating Revenues and Support	5,366,986	(47,845)	-	5,319,141
Operating Expenses				
Program service				
Programming and production	2,294,969	-	-	2,294,969
Broadcasting	1,483,788	-	-	1,483,788
Program information	65,238	-	-	65,238
	3,843,995	-	-	3,843,995
Supporting service				
Fund raising and membership development	1,810,999	-	-	1,810,999
Management and general	948,833	-	-	948,833
	2,759,832	-	-	2,759,832
Total Operating Expenses	6,603,827	-	-	6,603,827
Changes in Net Assets from Operations	(1,236,841)	(47,845)	-	(1,284,686)
Non-Operating Activities				
Investment losses	(127,279)	-	-	(127,279)
Contributions for capital purposes	937,730	-	-	937,730
Change in value of beneficial interest in split interest agreement	-	(453)	-	(453)
Change in value of beneficial interest in perpetual trusts	-	-	(45,391)	(45,391)
Changes in Net Assets - Non-Operating	810,451	(453)	(45,391)	764,607
Change in Net Assets	(426,390)	(48,298)	(45,391)	(520,079)
Net Assets, Beginning of Year	4,090,960	100,833	1,531,999	5,723,792
Net Assets, End of Year	$ 3,664,570	$ 52,535	$ 1,486,608	$ 5,203,713

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

Statements of Cash Flows

Years Ended June 30,

	2017	2016
Cash flows from operating activities:		
Change in net assets	**$ (838,859)**	$ (520,079)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	**692,784**	687,734
Gain (loss) on investments	**(84,124)**	127,279
Provisions for allowance for doubtful accounts	**7,097**	42,671
Change in value of beneficial interest in split interest agreements & perpetual trusts	**(28,271)**	45,843
Contributions for long-lived assets	**(150,000)**	(937,930)
(Increase) decrease in operating assets:		
Accounts receivable	**52,192**	62,359
Pledges receivable	**11,481**	(77,345)
Prepaid expenses and other assets	**(9,591)**	4,317
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	**(541,434)**	434,565
Accrued vacation	**(17,156)**	(4,351)
Deferred revenue	**15,829**	(35,578)
Total adjustments	**(51,193)**	349,564
Net cash flows from operating activities	**(890,052)**	(170,515)
Cash flows from investing activities		
Purchases of property and equipment	**(250,983)**	(877,655)
Purchases of investments	**(54,090)**	(410,112)
Proceeds from the sale of investments	**67,631**	326,483
Net cash flows from investing activities	**(237,442)**	(961,284)
Cash flows from financing activities		
Proceeds from contributions for long-lived assets	**150,000**	440,000
Payments of life income obligations	**(1,485)**	(1,485)
Payments on long-term debt	**(17,236)**	(7,096)
Proceeds from line of credit		550,000
Proceeds from long-term debt	**771,393**	
Net cash flows from financing activities	**902,672**	981,419
Change in cash and cash equivalents	**(224,822)**	(150,380)
Cash and cash equivalents, beginning of year	**429,936**	580,316
Cash and cash equivalents, end of year	**$ 205,114**	$ 429,936
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Income taxes	**$ 170,688**	$ 152,218
Interest	**25,018**	11,045

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

New Hampshire Public Broadcasting (NHPB) consists of a flagship station, Channel 11 of Durham, and two satellite stations, Channel 49 of Keene and Channel 48 of Littleton. In addition, two automated translators, Channel 15 of Hanover and Channel 18 of Pittsburg, carry NHPB programs to the Upper Valley and Upper Coos County, respectively.

The programming, production, administrative, development, and business offices of NHPB are located in the Durham facility.

Effective July 1, 2012, NHPB revised its by-laws and disaffiliated from the University System of New Hampshire (USNH) to become an independent community service organization. This change in governance was authorized by the USNH Board of Trustees by unanimous vote, during the spring of 2012. The reorganization of NHPB has been determined to be in the best interests of both USNH and NHPB. It provides NHPB with needed flexibility in an industry full of change and opportunity. An application to transfer the broadcast license from USNH to NHPB was filed with the Federal Communications Commission (FCC) at the time of disaffiliation, and was approved by the FCC in 2014. Title to all cash and personal property assets was transferred to NHPB on July 1, 2012, and a 100-year ground lease was granted by the owner of the land, the University of New Hampshire (UNH), for the land that the Durham, NH, Broadcast Center building resides on.

In connection with the reorganization, NHPB has entered into a service agreement with the Boston, Massachusetts based public television organization, WGBH, to provide services in the areas of broadcast technology and membership service.

Basis of Accounting

NHPB's financial statements have been prepared using the accrual method of accounting.

Basis of Presentation

NHPB is required to report information regarding its financial position and activities according to three classes of net assets, as follows:

> Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.
>
> Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of NHPB and/or the passage of time.
>
> Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by NHPB.

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Estimates

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

Accounts and Grants Receivable

Accounts and grants receivable are stated at the amount management expects to collect from outstanding balances at year-end. Management provides for probable uncollectible amounts on the reserve method based on historical experience and management's evaluation of outstanding accounts receivable at the end of each year. Balances that are uncollectible after management has used reasonable collection efforts are written off and charged to the valuation allowance. The allowance for uncollectible accounts was $9,445 and $473 as of June 30, 2017 and 2016, respectively.

Pledges Receivable

Unconditional promises to give are recognized as revenues in the period received and, as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Pledges receivable expected to be received after more than one year are discounted to the present value of their future cash flows using a risk adjusted rate of return after providing an allowance for uncollectible pledges.

Property and Equipment

Property and equipment are recorded at cost or, in the case of donated property, at their fair value on the date of receipt. Depreciation is provided over the estimated useful lives of the assets using the straight line method. The estimated useful lives of the assets are, as follows:

	Years
Buildings and improvements	10-40
Equipment	3-30

Donated Assets

Donated marketable securities and other noncash donations are recorded at their estimated fair values at the date of donation.

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Donated Assets – Continued

Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in unrestricted net assets, unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, NHPB reports expirations of donor restrictions when the donated or acquired assets are placed in service. NHPB reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Investments

Investments are carried at fair value. The investments are considered board-designated investments and therefore are classified as current assets for the years ended 2017 and 2016. Income and net appreciation or losses on investments of endowment and similar funds are reported, as follows: Increases in temporarily restricted net assets if the terms of the gift or NHPB's interpretation of relevant state law impose restrictions on the use of the income; or as increases in permanently restricted net assets if the terms of the gift requires that they be added to the principal of a permanent endowment fund; or as increases in unrestricted net assets in all other cases.

Beneficial Interest in Split Interest Agreement

The beneficial interest consists of a split-interest agreement held by others and is carried at its fair value, as reported by the Trustee.

Beneficial Interest in Perpetual Trusts

The beneficial interest consists of two trusts held by others and are carried at its fair value as reported by the Trustees.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated Services and In-kind Contributions

Donated services and in-kind contributions are recorded as revenue and expenses in the accompanying statement of activities at donor estimated fair value.

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Operating and Non-Operating Activities

The Organization reports its revenues and expenses as operating or non-operating activities in the statement of activities. Non-operating activities include contributions to the board-designated or donor-restricted endowment funds, investment gains and losses of the endowment funds and split interest agreements and grants for long lived assets.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

NHPB is exempt from federal income taxes under the provisions of Section 501(c)(3) of the U.S. Internal Revenue code. Certain of the Organization's tower rental activities, however, are unrelated business income and, therefore, subject to income tax.

Management has evaluated NHPB's tax positions and concluded that, as of June 30, 2017, NHPB does not believe that it has taken any tax positions that would require the recording of any additional tax liabilities. NHPB is currently open to audit under the statute of limitations by the Internal Revenue Service and state taxing authorities three years following the file of the tax return.

Cash and Cash Equivalents

For purposes of the statement of cash flows, NHPB considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents.

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, NHPB uses various methods, including market, income and cost approaches. Based on these approaches, NHPB 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. NHPB utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the inputs used in the valuation techniques, NHPB 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. Mutual funds are based on the quoted net asset values of the shares as reported daily by the funds.

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fair Value Measurements – Continued

- 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. Corporate and U.S. government securities are valued using a market approach on yields currently available on comparable securities.

- 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 values requires significant management judgment or estimation.

New Proposed Accounting Pronouncements

In August 2016, the FASB issued ASU 2016-14, Presentation of Financial Statements for Not-for-Profit Entities, which makes targeted changes to the not-for-profit financial reporting model. Under the new ASU, net asset reporting will be streamlined and clarified. The existing three-category classification of net assets will be replaced with a simplified model that combines temporarily restricted and permanently restricted into a single category called "net assets with donor restrictions." New disclosures will highlight restrictions on the use of resources that make otherwise liquid assets unavailable for meeting near-term financial requirements. The ASU is effective for fiscal year 2019 for NHPB and early adoption is permitted. NHPB is evaluating the impact of the new guidance on the financial statements.

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09 - Revenue from Contracts with Customers at the conclusion of a joint effort with the International Accounting Standards Board to create common revenue recognition guidance for U.S. GAAP and international accounting standards. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services, by allocating transaction price to identified performance obligations, and recognizing that revenue as performance obligations are satisfied. The standard is effective for fiscal year 2020 for NHPB. NHPB is evaluating the impact this will have on the financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases, which, for operating leases, requires a lessee to recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in its balance sheet. The standard also requires a lessee to recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term, on a generally straight-line basis. The guidance also expands the required quantitative and qualitative disclosures surrounding leases. The ASU is effective for fiscal year 2021 for NHPB. NHPB is evaluating the impact of the new guidance on the financial statements.

Reclassifications

Certain reclassifications have been made to the 2016 financial statement to conform to the 2017 financial statement presentation. Such reclassifications had no effect on the 2016 change in net assets as previously reported.

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 2 – CASH AND CASH EQUIVALENTS

NHPB maintains checking accounts at various financial institutions. These accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per institution. At any point in time, NHPB deposits may exceed this limit. During 2017 and 2016, there were periods when the account balances exceeded $250,000. Management believes that the risk of deposit loss is minimized by banking with nationally known, high quality banks.

NOTE 3 – PLEDGES RECEIVABLE

Pledges receivable consist of the following unconditional promises to give at June 30:

	2017	2016
Underwriting	**$ 10,751**	$ 22,232
Less allowance for uncollectible pledges		
Total unconditional promises to give	**$ 10,751**	$ 22,232
Amount due in:		
Less than one year	**$ 10,751**	$ 22,232

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	2017	2016
Land and improvements	**$ 25,585**	$ 25,585
Building and improvements	**4,025,270**	4,020,844
Equipment	**12,042,246**	10,784,213
Furniture and fixtures	**249,289**	248,191
Computers	**2,116,050**	2,183,620
Construction in progress		1,027,085
	18,458,440	18,289,538
Less accumulated depreciation	**(15,314,689)**	(14,703,986)
Property and equipment, net	**$ 3,143,751**	$ 3,585,552

A portion of NHPB's property and equipment was purchased with funds received from the National Telecommunications and Information Administration (NTIA). The NTIA holds a lien on this property for a period of 10 years after the project has been completed, during which time NHPB is unable to sell or otherwise dispose of the assets. The total cost of equipment purchased with such funds was $264,821 at June 30, 2017.

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 5 – INVESTMENTS

Investments at fair value consist of the following at June 30:

	2017	2016
Cash and money market accounts	**$ 16,725**	$ 60,427
Fixed income	**369,741**	392,774
Mutual funds	**912,670**	951,721
Exchange-traded funds	**282,115**	105,746
	$ 1,581,251	$ 1,510,668

Net asset composition by type of fund for the investments as of June 30, 2017 was, as follows:

	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Board-designated funds	**$1,581,251**	**$ -**	**$ -**	**$1,581,251**
Total funds	**$1,581,251**	**$ -**	**$ -**	**$1,581,251**

Net asset composition by type of fund for the investments as of June 30, 2016 is, as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-designated funds	$1,510,668	$ -	$ -	$1,510,668
Total funds	$1,510,668	$ -	$ -	$1,510,668

Changes in investments for the year ended June 30, 2017 are as follows:

	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Beginning of year	**$1,510,668**	**$ -**	**$ -**	**$1,510,668**
Investment return:				
Investment income	**67,030**			**67,030**
Net gain	**84,124**			**84,124**
Fees	**(10,805)**			**(10,805)**
Transfers out	**(69,766)**			**(69,766)**
End of year	**$1,581,251**	**$ -**	**$ -**	**$1,581,251**

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 5 – INVESTMENTS -CONTINUED

Changes in investments for the year ended June 30, 2016 are, as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning of year	$1,537,542	$ -	$ -	$1,537,542
Transfers	23,700			23,700
Investment return:				
Investment income	87,229			87,229
Net loss	(127,279)			(127,279)
Fees	(10,524)			(10,524)
Transfers out	(0)			(0)
End of year	$1,510,668	$ -	$ -	$1,510,668

NOTE 6 – LINE OF CREDIT

In 2016, NHPB obtained a $1,000,000 line of credit secured by the investment securities of NHPB with a variable interest rate. As of June 30, 2017 and 2016, there was a balance of $550,000. The line of credit matures in April 2018 and is subject to review at that time.

NOTE 7 – LONG TERM DEBT

In 2017, NHPB completed the building of two new towers, located in Hanover and the Littleton, New Hampshire. The total contract cost and estimated related expenditures was $1.3 million.

In addition to the use of its Line of Credit (see Note 6), on December 8, 2016, NHPB borrowed $749,000 from the United States Department of Agriculture (USDA) to fund this acquisition. The loan bears a fixed interest rate of 2.375% and is payable in monthly installments of $2,420 over a 40 year loan term. The USDA holds a real estate mortgage on the two towers.

Also included in long term debt are loans for two vehicles.

Long term debt is summarized below:

	2017	2016
Vehicle loans	**$ 35,992**	$ 25,131
USDA	**743,296**	
Total	**$ 779,288**	$ 25,131
Short term portion	**$ 23,872**	$ 7,500
Long term portion	**755,416**	17,631
Total	**$ 779,288**	$ 25,131

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 8 – NET ASSETS

Temporarily restricted net assets are restricted for the following purposes at June 30:

	2017	2016
Underwriting	**$ 10,751**	$ 22,232
Beneficial interest in split interest agreement	**30,477**	30,303
Programming	**82,707**	
	$ 123,935	$ 52,535

Permanently restricted net assets are restricted for the following purposes:

	2017	2016
Perpetual trusts held by others	**$1,514,705**	$1,486,608

NOTE 9 – PENSION

Pension Plan

NHPB maintains a defined contribution retirement plan. NHPB employer contribution is determined each year at the discretion of the employer, in an amount up to 6% of compensation. Employees may make additional voluntary contributions. Pension contributions by the employer in 2017 and 2016 amounted to $11,902 and $11,868, respectively, and are included in operating expenses.

NOTE 10 – LEASES

NHPB has no long-term operating or capital leases. Rent expense for short-term rental agreements was $45,499 and $41,115 for the years ended 2017 and 2016, respectively.

NOTE 11 – FAIR VALUES

Fair values of assets measured on a recurring basis are, as follows:

	Total	**Level 1**	**Level 2**	**Level 3**
June 30, 2017:				
Money market fund	**$ 16,725**	**$ 16,725**	**$ -**	**$ -**
Fixed income	**369,741**		**369,741**	**-**
Mutual funds	**912,670**	**912,670**		**-**
Exchange-traded funds	**282,115**	**282,115**	**-**	**-**
Split interest agreement	**30,477**	**-**	**-**	**30,477**
Perpetual trusts	**1,514,705**	**-**	**-**	**1,514,705**
Total	**$ 3,126,433**	**$ 1,211,510**	**$ 369,741**	**$ 1,545,182**

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 11 – FAIR VALUES – CONTINUED

	Total	Level 1	Level 2	Level 3
June 30, 2016:				
Money market fund	$ 60,427	$ 60,427	$ -	$ -
Fixed income	392,774		392,774	-
Mutual funds	951,721	951,721		-
Exchange-traded funds	105,746	105,746	-	-
Split interest agreement	30,303	-	-	30,303
Perpetual trusts	1,486,608	-	-	1,486,608
Total	$ 3,027,579	$ 1,117,894	$ 392,774	$ 1,516,911

The change in value of the level 3 investments is due to the following for the years ended June 30, 2017 and 2016:

	2017	2016
Balance at beginning of year	**$ 1,516,911**	$ 1,562,754
Unrealized gains (losses) on investments	**28,271**	(45,843)
Balance at end of year	**$ 1,545,182**	$ 1,516,911

The change in value of the assets with level 3 valuation inputs are recorded as part of the investment gains (losses) in the statement of activities.

NOTE 12 – CONTINGENCIES

Grants

NHPB receives funding in the form of grants from the Corporation for Public Broadcasting (CPB), which is a private, nonprofit corporation, and the National Telecommunications and Information Administration (NTIA). The grants are governed by various rules and regulations and are subject to audit and adjustment by the grantors. Therefore, to the extent that NHPB has not complied with the rules and regulations governing the grants, repayments to CPB or NTIA may be required. In the opinion of NHPB, there are no significant contingent liabilities relating to compliance with the rules and regulations governing these grants. Therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

NOTE 13 – COMMITMENTS

On March 29, 2016, the Federal Communications Commission (FCC) commenced the first-ever "incentive auction" designed to repurpose spectrum for new uses. Authorized by Congress in 2012, the auction used market forces to align the use of broadcast airwaves with 21st century consumer demands for video and broadband services.

On April 13, 2017, the Commission released a public notice formally closing the auction and beginning the 39-month period during which time some TV stations, including NHPB, will need to transition to new channel assignments (repack).

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 13 – COMMITMENTS - CONTINUED

At the conclusion of the auction, the FCC reauthorized and relicensed various broadcast television stations that received new channel assignments as part of the repacking process, or because they have won their auction bid to move to a different frequency band or to channel share. New channel assignments are designed to minimize costs by:

1. maximizing the number of channel "stays," or stations assigned to their pre-auction channels, instead of being assigned to new channels;
2. minimizing the maximum aggregate new interference experienced by any station; and
3. avoiding reassignment of stations with high anticipated relocation costs; and prioritizing assignments to channel 5 in the Low-VHF band and off of channel 14 in the UHF band.

Those stations that must move to a new channel, including NHPB, will have to modify their existing facilities (e.g., antennas, transmission lines) to transmit on a different frequency; then they must test their equipment. Unless a station's new channel is "available" (i.e., free from interference caused by other stations), it will need to coordinate carefully with one or more other stations to prevent the testing from causing interference.

The Spectrum Act (Act) requires that the FCC reimburse costs reasonably incurred by broadcast television licensees that are reassigned to new channels.

The Act provides $1.75 billion to be expended for reimbursement payments to involuntarily repacked broadcasters such as NHPB. It also mandates that the FCC make all reimbursement payments within three years of the completion of the incentive auction. Of the broadcast stations that may be reassigned to new channels during the incentive auction repacking processes, only full power and Class A licensees are eligible for reimbursement. This includes NHPB.

The FCC will reimburse broadcasters by providing initial allocations of funds based on their estimated costs and the amount of funds available followed by one or more additional allocations, to the extent necessary, prior to the end of the three-year reimbursement period. All entities seeking reimbursement will be required to provide an estimate of their eligible channel relocation costs.

Subject to availability constraints, funds will be issued to broadcasters for the initial allocations equivalent to up to 62.5% of their estimated costs eligible for reimbursement. The actual reimbursement percentage may be higher if actual costs are less than estimated costs. NHPB estimates that the repack process will cost from $2 million to $4 million with most of the costs occurring in 2019.

NOTE 14 – EVALUATION OF SUBSEQUENT EVENTS

Management has made an evaluation of subsequent events to and including December 20, 2017, which was the date the financial statements were available to be issued and determined there were no subsequent events that occurred after the balance sheet date that have a material impact on the NHPB's financial statements.

Schedule of Functional Expenses

Year Ended June 30, 2017

	Program Services				Support Services		
	Programming and Production	Broadcasting	Program Information	Total	Fundraising & Membership Development	Management and General	Total
Salaries	**$ 564,693**	**$ 419,056**	**$ 53,304**	**$ 1,037,053**	**$ 393,234**	**$ 286,172**	**$ 1,716,459**
Employee benefits and taxes	**107,778**	**124,169**	**24,898**	**256,845**	**87,800**	**58,670**	**403,315**
Professional and financial services	**172,142**	**167,101**	**-**	**339,243**	**725,322**	**328,944**	**1,393,509**
Supplies	**5,421**	**2,839**	**-**	**8,260**	**45,624**	**12,525**	**66,409**
Pledge premium	**-**	**-**	**-**	**-**	**135,300**	**-**	**135,300**
Telecommunications	**-**	**83,321**	**-**	**83,321**	**30**	**60**	**83,411**
Postage and shipping	**1,220**	**332**	**1,750**	**3,302**	**61,749**	**1,539**	**66,590**
Promotional expenses	**4,394**	**-**	**-**	**4,394**	**158,840**	**-**	**163,234**
Rental and maintenance of equipment	**38,206**	**103,616**	**-**	**141,822**	**6,634**	**15,858**	**164,314**
Printing	**226**	**-**	**-**	**226**	**26,100**	**359**	**26,685**
Travel and conferences	**7,374**	**3,881**	**513**	**11,768**	**11,673**	**9,613**	**33,054**
PBS assessments and acquisition fees	**975,425**	**-**	**-**	**975,425**	**-**	**3,880**	**979,305**
Membership dues	**-**	**-**	**892**	**892**	**22,000**	**17,272**	**40,164**
Utilities	**72**	**347,849**	**-**	**347,921**	**-**	**756**	**348,677**
Insurance	**68,785**	**33,168**	**422**	**102,375**	**9,619**	**5,167**	**117,161**
Meals and training	**4,142**	**217**	**-**	**4,359**	**2,200**	**6,780**	**13,339**
Taxes	**-**	**170,688**	**142**	**170,830**	**-**	**-**	**170,830**
Bank and credit card fees	**-**	**-**	**-**	**-**	**41,342**	**33,877**	**75,219**
Interest expense	**-**	**16,357**	**-**	**16,357**	**-**	**8,661**	**25,018**
Miscellaneous	**5,317**	**296**	**-**	**5,613**	**24,925**	**26,637**	**57,175**
Bad debt	**-**	**-**	**-**	**-**	**-**	**7,097**	**7,097**
Depreciation	**363,018**	**89,785**	**6,235**	**459,038**	**232,082**	**1,664**	**692,784**
Totals	**$ 2,318,213**	**$ 1,562,675**	**$ 88,156**	**$ 3,969,044**	**$ 1,984,474**	**$ 825,531**	**$ 6,779,049**

Schedule of Functional Expenses

Year Ended June 30, 2016

	Program Services				Support Services		
	Programming and Production	Broadcasting	Program Information	Total	Fundraising & Membership Development	Management and General	Total
Salaries	$ 608,321	$ 423,719	$ 43,446	$ 1,075,486	$ 402,318	$ 288,475	$ 1,766,279
Employee benefits and taxes	130,563	116,535	10,218	257,316	84,418	52,184	393,918
Professional and financial services	138,096	168,172	1,021	307,289	401,066	375,822	1,084,177
Supplies	11,533	14,619	2,126	28,278	26,681	8,038	62,997
Pledge premium	88	-	-	88	168,753	-	168,841
Telecommunications	151	82,575	-	82,726	-	-	82,726
Postage and shipping	4,527	780	834	6,141	116,694	1,713	124,548
Promotional expenses	663	-	228	891	137,031	4,398	142,320
Rental and maintenance of equipment	6	80,416	-	80,422	13,549	-	93,971
Printing	391	-	-	391	110,067	2,308	112,766
Travel and conferences	26,620	4,533	329	31,482	4,142	10,564	46,188
Administrative and facility assessments	2,544	76,484	-	79,028	42,760	18,360	140,148
PBS assessments and fees	930,903	-	-	930,903	-	1,423	932,326
Membership dues	2,170	-	126	2,296	21,079	20,445	43,820
Utilities	41	235,937	-	235,978	-	813	236,791
Insurance	65,923	31,784	403	98,110	9,217	4,950	112,277
Meals and training	7,288	116	-	7,404	14,397	8,907	30,708
Taxes	2,384	157,294	290	159,968	2,725	-	162,693
Bank and credit card fees	-	-	-	-	9,919	89,451	99,370
Interest expense	-	1,607	-	1,607	-	9,438	11,045
Miscellaneous	2,355	60	-	2,415	15,765	7,333	25,513
Bad debt	-	-	-	-	-	42,671	42,671
Depreciation	360,402	89,157	6,217	455,776	230,418	1,540	687,734
Totals	$ 2,294,969	$ 1,483,788	$ 65,238	$ 3,843,995	$ 1,810,999	$ 948,833	$ 6,603,827