CONSOLIDATED FINANCIAL REPORT

MINNESOTA PUBLIC RADIO AND SUBSIDIARIES

(An Affiliated Organization of American Public Media Group)

JUNE 30, 2020

MINNESOTA PUBLIC RADIO®

MINNESOTA PUBLIC RADIO AND SUBSIDIARIES
(AN AFFILIATED ORGANIZATION OF AMERICAN PUBLIC MEDIA GROUP)
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2020

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Minnesota Public Radio and Subsidiaries
St. Paul, Minnesota

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Minnesota Public Radio and Subsidiaries (the Organization), which comprise the consolidated statement of financial position as of June 30, 2020, the related consolidated statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Board of Trustees
Minnesota Public Radio and Subsidiaries

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Minnesota Public Radio and Subsidiaries as of June 30, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited consolidated financial statements and related supplemental information from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The additional Operating Fund, Property Fund, and Designated Fund information presented in the consolidated statement of activities for 2020 and the supplemental information on page 27 are presented for the purpose of additional analysis of the consolidated financial statements, rather than to present the results of operations of the individual funds, and are not a required part of the consolidated financial statements. Such additional information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in our audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements, or to the consolidated 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 consolidated financial statements taken as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
October 1, 2020

MINNESOTA PUBLIC RADIO AND SUBSIDIARIES
(AN AFFILIATED ORGANIZATION OF AMERICAN PUBLIC MEDIA GROUP)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2019)
(IN THOUSANDS)

	2020	2019
ASSETS		
CURRENT ASSETS		
Program Receivables, Net (Note 4)	$ 7,269	$ 8,430
Pledges Receivable, Net (Note 4)	2,061	2,731
Grants Receivable, Net (Note 4)	2,904	3,716
Investments (Note 5)	2,117	2,049
Interest in Investment Pool (Note 5)	8,584	9,378
Prepaid Expenses	1,266	1,206
Inventory	60	48
Note Receivable from APMG (Note 12)	13,770	806
Other	93	20
Total Current Assets	38,124	28,384
PROPERTY AND EQUIPMENT, NET (NOTE 7)	35,095	38,008
RIGHT OF USE ASSETS, NET (NOTE 9)	36,974	-
OTHER ASSETS		
Investments (Note 5)	3,885	5,357
Interest in Investment Pool (Note 5)	17,922	18,570
Endowment Funds Held by Others (Note 2)	32,960	32,627
Pledges Receivable, Net (Note 4)	1,837	2,741
Grants Receivable, Net (Note 4)	509	2,668
Broadcast Licenses	18,696	18,696
Note Receivable from APMG, Less Current Portion (Note 12)	-	13,770
Other Long-Term Assets	306	366
Total Other Assets	76,115	94,795
Total Assets	$ 186,308	$ 161,187
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 3,863	$ 3,170
Current Portion of Long-Term Debt, Net (Note 8)	2,149	2,107
Accrued Liabilities	6,168	7,230
Deferred Revenue	14,508	1,945
Refundable Advance	17	63
Other Current Liabilities (Note 9)	2,002	35
Total Current Liabilities	28,707	14,550
LONG-TERM LIABILITIES		
Long-Term Debt, Less Current Portion, Net (Note 8)	9,886	12,037
Long-Term Lease Liabilities (Note 9)	36,105	54
Deferred Revenue, Less Current Portion (Note 13)	250	24,514
Other Long-Term Liabilities	85	90
Total Long-Term Liabilities	46,326	36,695
Total Liabilities	75,033	51,245
COMMITMENTS AND CONTINGENCIES (NOTE 10)		
NET ASSETS		
Without Donor Restrictions	66,561	60,526
With Donor Restrictions	44,714	49,416
Total Net Assets	111,275	109,942
Total Liabilities and Net Assets	$ 186,308	$ 161,187

See accompanying Notes to Consolidated Financial Statements.

MINNESOTA PUBLIC RADIO AND SUBSIDIARIES
(AN AFFILIATED ORGANIZATION OF AMERICAN PUBLIC MEDIA GROUP)
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)
(IN THOUSANDS)

	2020							2019
	Without Donor Restrictions							
	Operating Fund	Property Fund	Designated Fund	Eliminations	Total	With Donor Restrictions	Consolidated Total	Consolidated Total
SUPPORT FROM PUBLIC								
Individual Gifts and Membership	$ 26,532	$ -	$ 1,321	$ -	$ 27,853	$ 775	$ 28,628	$ 26,388
Individual Gifts and Membership - Released from Restriction (RFR)	908	-	-	-	908	(908)	-	-
Regional Underwriting	9,527	-	-	-	9,527	40	9,567	11,110
Regional Underwriting - RFR	35	-	-	-	35	(35)	-	-
National Underwriting	21,789	-	-	-	21,789	-	21,789	24,535
Business General Support	283	-	-	-	283	44	327	391
Business General Support - RFR	73	-	-	-	73	(73)	-	-
Foundations	1	-	-	-	1	1,532	1,533	2,651
Foundations - RFR	1,605	-	-	-	1,605	(1,605)	-	-
Grants from APMG Earned Endowment	7,267	-	1,332	-	8,599	-	8,599	8,419
Other Intercompany Grants	39	2,818	-	(2,818)	39	110	149	1,661
Other Intercompany Grants - RFR	216	-	-	-	216	(216)	-	-
Interfund Revenue	-	823	-	(823)	-	-	-	-
Educational Sponsors	446	-	-	-	446	-	446	444
Other Public Support	-	-	-	-	-	-	-	492
Campaign Support	-	-	-	-	-	5,664	5,664	4,061
Campaign Support - RFR	7,035	542	12	-	7,589	(7,589)	-	-
Total Support from Public	75,756	4,183	2,665	(3,641)	78,963	(2,261)	76,702	80,152
SUPPORT FROM GOVERNMENTAL AGENCIES								
Corporation for Public Broadcasting	-	-	-	-	-	4,733	4,733	4,781
Corporation for Public Broadcasting - RFR	4,162	-	636	-	4,798	(4,798)	-	-
Grants from Other Governmental Agencies	-	-	-	-	-	(194)	(194)	4,337
Grants from Other Governmental Agencies - RFR	1,547	425	-	-	1,972	(1,972)	-	-
Total Support from Governmental Agencies	5,709	425	636	-	6,770	(2,231)	4,539	9,118
EARNED REVENUE								
Earned Operating Activities	18,504	-	-	-	18,504	-	18,504	19,700
Royalties and Licensing Fees	378	-	806	-	1,184	-	1,184	940
Investment Return, Net	1,532	866	693	-	3,091	(210)	2,881	4,476
Other Earned Revenue	1,896	433	-	-	2,329	-	2,329	2,707
Total Earned Revenue	22,310	1,299	1,499	-	25,108	(210)	24,898	27,823
Total Support and Earned Revenue	103,775	5,907	4,800	(3,641)	110,841	(4,702)	106,139	117,093
EXPENSES AND LOSSES								
Operations	86,314	5,849	-	(3,641)	88,522	-	88,522	87,072
Administrative	9,856	1,331	-	-	11,187	-	11,187	13,600
Fundraising	12,748	465	1,459	-	14,672	-	14,672	13,676
Intercompany Grants	-	-	1,411	-	1,411	-	1,411	1,444
Total Expenses	108,918	7,645	2,870	(3,641)	115,792	-	115,792	115,792
CHANGE IN NET ASSETS	(5,143)	(1,738)	1,930	-	(4,951)	(4,702)	(9,653)	1,301
Net Assets - Beginning of Year (as Previously Stated)	(5,998)	30,358	36,166	-	60,526	49,416	109,942	108,641
Cumulative Net Change due to Accounting Principle Change (Note 2)	-	10,986	-	-	10,986	-	10,986	-
Net Assets - Beginning of Year (After Cumulative Net Change)	(5,998)	41,344	36,166	-	71,512	49,416	120,928	108,641
NET ASSETS - END OF YEAR	$ (11,141)	$ 39,606	$ 38,096	$ -	$ 66,561	$ 44,714	$ 111,275	$ 109,942

See accompanying Notes to Consolidated Financial Statements.

MINNESOTA PUBLIC RADIO AND SUBSIDIARIES
(AN AFFILIATED ORGANIZATION OF AMERICAN PUBLIC MEDIA GROUP)
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)
(IN THOUSANDS)

	2020				2019
	Operations	Administrative	Fundraising	Total	Total
Salaries and Wages	$ 42,610	$ 1,740	$ 7,992	$ 52,342	$ 49,713
Employee Benefits and Payroll Taxes	9,167	753	1,682	11,602	11,085
Professional Fees and Marketing	9,785	7,444	1,819	19,048	20,481
Production and Acquisition	12,094	-	-	12,094	13,953
Office and Occupancy	9,309	481	1,477	11,267	10,819
Travel and Training	693	58	182	933	1,475
Interest	270	44	178	492	555
Depreciation and Amortization	3,518	85	399	4,002	3,863
Financial	44	(173)	867	738	1,190
Other Expenses	1,032	755	76	1,863	1,214
Intercompany Grants	1,411	-	-	1,411	1,444
Total Expenses	$ 89,933	$ 11,187	$ 14,672	$ 115,792	$ 115,792

See accompanying Notes to Consolidated Financial Statements.

MINNESOTA PUBLIC RADIO AND SUBSIDIARIES
(AN AFFILIATED ORGANIZATION OF AMERICAN PUBLIC MEDIA GROUP)
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)
(IN THOUSANDS)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (9,653)	$ 1,301
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	4,002	3,859
Realized and Unrealized Gains on Investments	(6)	199
Bond Premium Amortization	(33)	-
Change in Value of Endowment Funds Held by Others	(1,265)	(2,459)
Contributions and Grants Restricted for Capital Projects and Perpetual Endowment	-	(1,020)
Grant to APMG	806	806
(Loss) Gain on Sale of Property and Equipment	8	(136)
Impairment on Long Lived Assets	45	-
(Increase) Decrease in Assets:		
Program and Pledges Receivable, Net	2,735	2,530
Grants Receivable, Net	2,461	(1,593)
Prepaid Expenses	(60)	(188)
Inventory and Other Assets	(24)	(6)
Due from (to) Affiliate	-	6,238
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Liabilities	1,829	1,467
Deferred Revenue	(716)	(1,392)
Refundable Advance	(46)	37
Total Adjustments	9,736	8,342
Net Cash Provided by Operating Activities	83	9,643
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(2,248)	(4,386)
Proceeds from Sale of Property and Equipment	-	1,670
Purchase of Investments	(653)	(7,569)
Proceeds from Sale of Investments	2,074	1,399
Change in Interest in Investment Pool, Net	1,442	(484)
Additions to Endowment Funds Held by Others	(580)	-
Distributions from Endowment Funds Held by Others	1,512	1,470
Net Cash Provided (Used) by Investing Activities	1,547	(7,900)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts of Contributions and Grants Restricted for Capital Projects and Perpetual Endowment	510	310
New Debt Issuance Costs	(29)	-
Principal Payments on Long-Term Debt	(2,075)	(2,015)
Principal Payments on Financing Lease Obligations	(36)	(38)
Net Cash Used by Financing Activities	(1,630)	(1,743)
NET CHANGE IN CASH AND CASH EQUIVALENTS	-	-
Cash and Cash Equivalents - Beginning of Year	-	-
CASH AND CASH EQUIVALENTS - END OF YEAR	$ -	$ -

See accompanying Notes to Consolidated Financial Statements.

MINNESOTA PUBLIC RADIO AND SUBSIDIARIES
(AN AFFILIATED ORGANIZATION OF AMERICAN PUBLIC MEDIA GROUP)
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)
(IN THOUSANDS)

	2020	2019
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	$ 501	$ 560
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND OPERATING ACTIVITIES		
Addition to Property and Equipment Funded through Accounts Payable	$ 4	$ 32
Reduction of Loan to APMG Including Interest, Via Grant	$ 1,411	$ 1,444
Noncash Addition of Property and Equipment	$ -	$ 37

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 NATURE OF BUSINESS AND ORGANIZATION

Organization and Description of Business

Minnesota Public Radio (MPR) is a nonprofit organization whose mission is to enrich the mind and nourish the spirit, thereby enhancing the lives and expanding the perspectives of its audiences and assisting them in strengthening their communities.

MPR operates its regional program production and broadcasting activities under the name "Minnesota Public Radio" and its national program production and distribution activities under the name "American Public Media."

MPR is the sole member of the limited liability company American Public Media Foundation (APMF), whose respective purpose is solicit certain contributions. MPR was the parent organization of The Fitzgerald Theater Company (FTC), a nonprofit organization. MPR has the ability to elect the FTC Board of Trustees. MPR sold the assets of the Fitzgerald Theater in March 2019, which caused the operations of the FTC to become largely dormant after the sale. FTC was dissolved in October 2019. MPR, FTC, and APMF are referred to as "the Organization."

American Public Media Group (APMG) is the nonprofit parent support organization of MPR, Southern California Public Radio (SCPR), Clearspring Enterprises, and other affiliates (together, the APM Group). APMG's primary purpose is to provide financial and management support services to MPR, and SCPR. APMG has the ability to elect, or to approve the election of, a majority of the MPR Board of Trustees and all of the SCPR Boards of Trustees.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Financial Statement Presentation

These consolidated financial statements include the accounts of the Organization. All intercompany accounts and transactions have been eliminated upon consolidation.

Net assets, support, and gains and losses are classified based on donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows.

Without Donor Restrictions

This classification contains net assets that are not subject to donor-imposed restrictions and are available for support of the operations of the Organization. The Organization maintains the following without donor restriction funds:

Operating Fund: The Operating Fund is maintained to account for general-purpose support and revenues and to account for expenses associated with the day-to-day operations of the Organization.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Financial Statement Presentation (Continued)

Without Donor Restrictions (Continued)

Property Fund: The Property Fund is maintained to acquire and account for all land, buildings, building improvements, equipment, and broadcast licenses and certain other intangibles owned by the Organization.

Designated Fund: The Designated Fund is maintained to account for funds intended to ensure the long-term financial health of the Organization. The MPR Designated Fund also receives grants and bequests related to planned giving efforts and receive gifts from sources designated from time to time by the MPR Board of Trustees. Financial assets in the Designated Fund are available to the Operating Fund to provide for temporary cash flow needs.

With Donor Restrictions

This classification includes net assets subject to donor-imposed restrictions. Donor restricted net assets are subject to purpose or time restrictions. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as support released from restriction (e.g., Individual Gifts and Membership-Released from Restriction (RFR)). For example: when a donor specifies their contribution is to support MPR for a three-year period, MPR recognizes all the future support as net assets with donor restrictions in the year the contribution is first made; MPR then releases (reclassifies from net assets with donor restrictions) the contribution as without donor restrictions over each of the three years specified by the donor.

Certain net assets with donor restrictions stipulate the resources to be maintained in perpetuity, but permit the Organization to use or expend the income received from the donated assets for operating purposes.

Net assets with donor restrictions at June 30, 2020 were subject to the following purpose or time restrictions:

Purpose Restricted	$ 15,664,000
Time Restricted for Future Periods	15,443,000
Restricted in Perpetuity	13,607,000
Total Net Assets with Donor Restrictions	$ 44,714,000

Basis of Accounting

The consolidated financial statements of the Organization are prepared on the accrual basis of accounting.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summarized Financial Information for the Year Ended June 30, 2019

The consolidated financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2019, from which the summarized information was derived. Consolidated financial statements for the prior year are available on MPR's website, mpr.org.

Treasury Management and Liquidity

The Organization is a member of a centralized treasury management system with its parent, APMG, in order to maximize economies of scale and investment returns on its treasury assets. At the end of each business day, the net cash activity recorded by the Organization's financial institution is transferred to APMG, and a reciprocal amount is recorded by the Organization as due to/from parent. The Organization also maintains certain designated funds in APMG's interest in investment pool (also see Note 5). Portions of the interest in investment pool are available to meet the Organization's cyclical demands for working capital.

To the extent current cash and investments are less than the amount of assets with donor-imposed restrictions and certain assets designated by management and or the Board of Trustees, the Organization has access to three revolving lines of credit of up to $30,000,000 available through its parent APMG. These revolving lines of credit were not used by the Organization during the year. The Organization has $27,147,000 of financial assets designated for specific purposes by management and or its Board of Trustees; any different use of these financial assets, such as for temporary cash flow or general use, would require specific action by management and or the Board of Trustees.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Treasury Management and Liquidity (Continued)

The Organization's financial assets available within one year of the balance sheet date for general expenditure are as follows:

Program Receivables, Net	$ 7,269,000
Pledges Receivable, Net	3,898,000
Grants Receivable, Net	3,413,000
Investments	6,002,000
Investments - Interest in the Investment Pool	26,506,000
Endowment Funds Held by Others	32,960,000
Total Financial Assets	80,048,000
Less Those Unavailable for General Expenditures Within One Year, Due to:	
Receivables to be Collected Beyond One Year	(2,346,000)
Restricted by Donor to Time or Purpose	(191,000)
Restricted by Donor in Perpetuity	(13,607,000)
Funds with Management or Board Designations	(27,147,000)
Illiquid and Other Long-Term Investments	(162,000)
Total	(43,453,000)
Amounts That Have Been Appropriated for the Next 12 Months Without Purpose Restrictions	1,948,000
Financial Assets Available to Meet Cash Needs for General Expenditure Within One Year	$ 38,543,000

Revenue Recognition

Support from Public and Governmental Agencies

The Organization receives unconditional promises and gifts of cash and other assets (support) from the public, including individuals, members, businesses, foundations, educational sponsors, and others; and from governmental agencies (donors). Support is reported at fair value on the date it is received. To the extent support includes a donor-imposed restriction, the support is reported as an increase in net assets with donor restrictions, as described earlier in Note 2. When the donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as support released from restriction (e.g., Individual Gifts and Membership-Released from Restriction (RFR)). Conditional promises to give are not included as support until such time as the conditions are substantially met.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Support from Public and Governmental Agencies (Continued)

The Organization receives conditional support from the underwriters of its programming (underwriting), who are thanked with messages within MPR programming (spots). Temporarily restricted underwriting support is related to membership challenges and is released from restriction when the membership challenge has been met. Underwriting is generally recognized as net assets without donor restrictions as the spots are run. The Organization may also receive noncash support including goods and services (barter assets) from its underwriters – such barter expense is recorded when the goods are used or the services are received. For the year ended June 30, 2020, barter support of $777,000 and barter expenses of $778,000 are reflected in the consolidated statement of activities. To the extent cash or barter assets (support) is received before the spots are run, the support is reported as deferred revenue in the consolidated statement of financial position.

Earned Operating Activities

The Organization recognizes earned operating revenue largely from the distribution of its content (distribution) and ticket sales. Distribution revenue is recognized in the fiscal year when content is available to subscribing broadcasters. Revenue from ticket sales is recognized at the point in time when the live event occurs.

Royalties and Licensing Fees

The Organization recognizes revenue from royalties and licensing fees for the use of its intellectual property. Revenue is recognized as earned based on contractual agreements or when the intellectual property is made available for use.

Investment Return

Interest and dividend income is recorded when earned. Realized gains and losses are recorded when the investments are sold. Unrealized gains and losses represent the change in fair value between reporting periods.

Other Earned Revenue

Other earned revenue includes product sales, rental income, and other service fees. The Organization recognizes revenue when the service is performed or when the product is provided.

Inventories

Inventories are stated at the lower of cost or market and are tested at least annually for slow-moving and obsolete items.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment with a cost basis of $5,000 or greater are recorded at cost, and depreciation is computed on the straight-line method over the estimated useful lives of the related assets as follows:

Building	32 to 45 Years
Equipment	3 to 37 Years

Leasehold improvements are amortized over the shorter of the lease term or useful life.

Investments, Including Interest in Investment Pool

Investments are carried at fair value. As defined in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, fair value is the price that would be received to sell the asset or paid to transfer the liability (an exit price). Cash and money market funds that the Organization intends to utilize for long-term projects are reported as other assets.

Endowment Funds Held by Others

The Organization has board-designated and donor-restricted endowment funds (the Fund) invested at the Saint Paul & Minnesota Foundation (SPMF). Under the terms of the agreement establishing the Fund, the Organization received an annual distribution of 5% for the year ended June 30, 2020, of the 20-quarter moving average market value of the Fund's assets through the calendar year-end preceding the fiscal year in which the distribution is planned. The Fund is managed at the discretion of SPMF, except that MPR may direct SPMF to replace any investment manager if the Fund does not produce a reasonable return. The endowment fund held by others is stated at fair value. Distributions are without donor restrictions and are reported as decreases to net assets with donor restrictions and increases to net assets without donor restrictions, within the investment return, net, in the consolidated statement of activities.

Leases

The Organization determines if an arrangement is a lease at inception. Both classifications of leases, operating and financing, are reported together in the statement of financial position as right-of-use (ROU) assets and lease liabilities.

The Organization leases automobiles, equipment, office and studio space, and broadcast transmission sites (Towers). ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. Lease terms include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. The Organization has determined that available lease term extensions are reasonably certain to be exercised for Towers, but not other ROU assets. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The Organization has elected to recognize payments for certain leases as expense when incurred including short-term leases with a lease term of 12 months or less and leases with future lease payments less than the Organization's capitalization threshold of $5,000. These leases are not included as lease liabilities or ROU assets on the statement of financial position. Information about these leases is reported in Note 8.

Impairment Analysis of Broadcast Licenses Not Subject to Amortization

Broadcast licenses are considered indefinite-lived intangibles and are recorded at cost and tested annually on June 30 for impairment, or more frequently if an event occurs or circumstances change that would indicate an impairment in accordance with ASC Topic 350, *Intangibles – Goodwill and Other*.

The unit of accounting used to test broadcast licenses includes all licenses owned and operated within an individual market, as such licenses are used together, are complementary to each other, and are representative of the best use of those assets.

The Organization tests broadcast licenses for impairment by first assessing qualitative factors to determine the existence of events and circumstances that may indicate it is more likely than not that the indefinite-lived intangible assets could be impaired. If, after assessing the totality of events and circumstances, the Organization concludes that it is not more likely than not that the indefinite-lived intangible assets are impaired, then no further action is taken. However, if the Organization concludes otherwise, then it determines the fair value of the indefinite-lived intangible assets and performs a quantitative impairment test by comparing the fair value with the carrying amount.

The Organization used qualitative factors to assess impairment of its broadcast licenses. Management determined that it was not more likely than not that the broadcast licenses were impaired, and no further action was taken.

Impairment Analysis of Other Long-Lived Assets

Other long-lived assets, such as property and equipment are evaluated for impairment whenever events or changes in circumstances indicate the carrying value of an asset group may not be recoverable. The long-lived assets are evaluated for potential impairment by comparing the carrying amount of these assets to the estimated undiscounted future cash flows expected to result from the use of these assets. Should the sum of the related expected future net cash flows be less than the carrying amount, an impairment loss would be recognized. The Organization concluded its other long-lived assets related to office space used by a discontinued program was impaired, and $45,000 impairment was recorded for the year ended June 30, 2020.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Assets

Other assets include barter assets which are initially recorded at fair market value and expensed as the goods or services are used or received.

Allocation of Expenses

The Organization's costs of providing its various services have been classified on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among operations, administrative and fundraising activities. Most expenses are charged directly to these functional areas where possible. Expenses which are not directly identifiable to a functional area are allocated based on head count attributed to the expense.

Income Tax Status

MPR is organized under Chapter 317 of Minnesota Statutes as nonprofit organizations. The Internal Revenue Service (IRS) has determined that MPR is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the Code) and is not a private foundation, as it qualifies under Section 509(a)(1) as an organization defined under Section 170(b)(1)(A)(vi) of the Code.

The Organization is engaged in certain activities that result in unrelated business income. For the year ended June 30, 2020, MPR recorded an estimated tax expense included in administrative expenses that amounted to $223,000.

The Organization has adopted certain provisions of ASC Topic 740, *Income Taxes*. The provisions clarify the accounting for uncertainty in income taxes recognized in an organization's financial statements and prescribe a recognition threshold and measurement standard for the financial statement recognition and measurement of an income tax position taken or expected to be taken in a tax return. The Organization has reviewed its tax positions for all open tax years and has concluded that there are no uncertain tax positions that require recognition.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of support, revenue, and expenses during the period. Actual results could differ from those estimates.

Subsequent Events

The Organization has evaluated subsequent events through October 1, 2020, the date the consolidated financial statements were available to be issued.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

COVID 19

In March 2020, the World Health Organization declared the spread of coronavirus disease 2019 (COVID-19) a global pandemic. Measures taken by various governments to contain COVID-19 have had a significant effect on economic activity. Following the events of COVID-19, the Organization experienced additional volatility in its investment returns and decreased support and revenue from underwriting sponsorships and live events (Earned Operating Activities). To minimize the impact to its programming, the Organization continues to monitor COVID-19 related events and make appropriate adjustments to its fundraising and cost structure. In addition, the Organization has increased its credit line capacity, through its parent APMG, as described in the Treasury Management and Liquidity section of Note 2. As of October 1, 2020, the future financial impact of COVID-19 to the Organization remains uncertain.

Change in Accounting Principle

In February 2016, the Financial Accounting Standards Board (FASB) issued ASC 842 – *Leases*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Upon adoption of ASC 842, prepaid and deferred rent balances previously reported separately were combined and presented net within the ROU assets. Additionally, deferred gains related to previous sale leaseback transactions of broadcast tower assets, that were historically accounted for as sale and operating leasebacks in accordance with ASC Topic 840, were eliminated and recognized as a cumulative-effect adjustment to unrestricted net assets, resulting in an increase to unrestricted net assets of $10,986,000 and a reciprocal decrease in deferred revenue. Under ASC Topic 840, such gains were recognized ratably over the lease term.

Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Organization has elected to utilize the option to apply the provisions of this standard to the beginning of the period of adoption. In addition, the Organization has elected to adopt the package of practical expedients available in the year of adoption, including the option to not to use hindsight in determining the lease term and in assessing impairment of the Organization's ROU assets.

In June 2018, 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*. The update clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments in the update assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The financial statements reflect the application of ASU 2018-08 guidance beginning in fiscal year 2020. The adoption of ASU 2018-08 did not impact the Organization's reported revenue.

NOTE 3 FAIR VALUE MEASUREMENTS

ASC Topic 825, *Financial Instruments*, requires disclosure of fair value information about financial instruments, whether or not recognized in the consolidated statement of financial position, for which it is practicable to estimate that value. ASC Topic 825 excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements.

ASC Topic 820 establishes a framework for measuring fair value and expands the disclosures about fair value measurements. Input levels as defined by ASC Topic 820 are as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices of identical financial assets and liabilities in active markets accessible at the measurement date. The inputs include those traded on an active exchange, such as the New York Stock Exchange.

Level 2 – Financial assets and liabilities are valued using inputs such as quoted prices for similar assets and liabilities, or inputs that are observable, either directly or indirectly.

Level 3 – Financial assets and liabilities are valued using pricing inputs that are unobservable for the assets and liabilities or inputs that reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the assets or liabilities.

The fair value measurement level within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Investments are carried at fair value. Fair values of actively traded money market funds and mutual funds are based on quoted market prices. Fair value of the interest in investment pool is equal to the Organization's allocated share of the fair value of securities within the pool. The Organization invests in private equities, an asset class consisting of equity investments in operating companies that are not publically traded on a stock exchange (collectively, private equities). Fair value of private equities is equal to the Organization's share in joint venture, partnership, or similar arrangement with a taxable entity. The endowment fund held by others is recorded at the fair value of the underlying investments.

Financial assets measured at fair market value on a recurring basis were as follows:

	Level 1	Level 2	Level 3	Total
Interest in APMG Investment Pool	$ -	$ 26,506,000	$ -	$ 26,506,000
Money Market funds	5,646,000	-	-	5,646,000
Fixed-Income Mutual Funds	72,000	-	-	72,000
Equity Mutual Funds	122,000	-	-	122,000
Endowment Fund Held by Others	-	-	32,960,000	32,960,000
Total	$ 5,840,000	$ 26,506,000	$ 32,960,000	65,306,000
Investments Measured at Net Asset Value or its Equivalent				162,000
Total				$ 65,468,000

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

Changes in fair value measurements using Level 3 inputs for the year ended June 30, 2020 were as follows:

	Endowment Funds Held by Others
Beginning Investments at Fair Value	$ 32,627,000
Additions to Endowments	580,000
Distributions	(1,512,000)
Change in Value	1,265,000
Ending Investments at Fair Value	$ 32,960,000

Risks and Uncertainties

The Organization's financial instruments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain financial instruments, it is reasonably possible that changes in the values of financial instruments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statements of financial position and activities.

NOTE 4 RECEIVABLES

Receivables

Program, pledges, and grants receivable (receivables) are primarily unconditional promises to give. Unconditional promises to give due in the next year are reported at their net realizable value as current assets in the consolidated statement of financial position. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using discount rates applicable to the years in which the promises are received. The present value discount, calculated using a two-year treasury bill rate, which were between 0.2% and 4.13%, was $53,000 at June 30, 2020. Amortization of the discount is reported on the support from public and governmental agencies lines associated with the initial transactions within the consolidated statement of activities.

Conditional promises to give are not included as support until such time as the conditions are substantially met. At June 30, 2020, the Organization had received conditional pledges and grants of $10,655,000 and conditional underwriting program receivables of approximately $8,522,000 that were not recorded in the consolidated financial statements because the conditions had not been met.

Allowance for Doubtful Accounts

The Organization estimates an allowance for doubtful accounts based on a review of outstanding accounts and a consideration of historical experience. Receivables are presented net of an allowance for doubtful accounts of $389,000 at June 30, 2020.

NOTE 4 RECEIVABLES (CONTINUED)

Pledges Receivable

Pledges receivable consist of unconditional promises to give to a finite special-purpose fundraising campaign.

Grants Receivable

Grants receivable are unconditional promises to give to support the general operating or capital needs of the Organization.

Program Receivables

Program receivables consist primarily of individual gifts and membership, underwriting and earned revenue.

Net program, pledges, affiliate, and grants receivable at June 30, 2020 were due as follows:

In Less than One Year	$ 12,234,000
In One to Five Years	2,328,000
In Greater than Five Years	18,000
Total	$ 14,580,000

NOTE 5 INVESTMENTS

The Organization uses fair value measurements to record the following investments. For additional information on how the Organization measures fair value, see Note 3 – Fair Value Measurements.

Investments at June 30, 2020 consisted of the following:

Interest in Investment Pool	$ 26,506,000
Money Market Funds	5,646,000
Fixed-Income Mutual Funds	72,000
Equity Mutual Funds	122,000
Private Equities	162,000
Total	$ 32,508,000

Net investment return for the year ended June 30, 2020 consisted of the following:

Interest and Dividend Income	$ 1,610,000
Realized Gains, Net	36,000
Unrealized Losses, Net	(30,000)
Change in Value of Endowment Funds Held by Others	1,265,000
Total	$ 2,881,000

NOTE 5 INVESTMENTS (CONTINUED)

Investments are reported in the consolidated statement of financial position based on the Organization's intended use. MPR's interest in investment pool was $26,506,000 at June 30, 2020. The investment pool consists of balanced mutual funds, fixed-income securities (government-sponsored enterprises and corporate certificates of deposit and notes), cash, and cash equivalents (money market fund and investments in government-sponsored enterprises with original maturities of three months or less) held by APMG. The funds held by APMG represent actual funds on hand at APMG and are available to MPR. Investment return is allocated to MPR on a monthly basis based upon the average investment balances.

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2020 consisted of the following:

Property and Equipment:	
Land	$ 8,379,000
Building and Leasehold Improvements	42,909,000
Equipment	28,572,000
Construction in Progress	554,000
Total	80,414,000
Less: Accumulated Depreciation and Amortization	(45,319,000)
Net Property and Equipment	$ 35,095,000

Total depreciation expense and amortization of leasehold improvements was $3,796,000 for the year ended June 30, 2020, and was recorded in the Property Fund.

Construction in Progress

Construction in progress at June 30, 2020 represents costs incurred in connection with the acquisition and implementation of media infrastructure projects.

NOTE 7 LONG-TERM DEBT

Long-term debt consisted of the following at June 30, 2020:

Description	Amount
$9,040,000 fixed-rate, Housing and Redevelopment Authority of the City of Saint Paul Revenue Refunding Bonds (Minnesota Public Radio Project)—Series 2010 (Series 2010 bonds), issued at a premium, with interest due semiannually (2% to 5% as of June 30, 2020), maturing December 1, 2025.	$ 4,259,000
$15,510,000 fixed-rate, Housing and Redevelopment Authority of the City of Saint Paul Revenue Refunding Bonds (Minnesota Public Radio Project)—Series 2014, with interest due semiannually (3.06% as of June 30, 2020), maturing May 1, 2025.	7,950,000
Total Long-Term Debt	12,209,000
Less: Amounts Due Within One Year	(2,149,000)
Less: Unamortized Debt Issuance Costs	(174,000)
Long-Term Portion	$ 9,886,000

The Series 2010 bonds are secured by a guaranty provided by American Public Media Group, whereby APMG guarantees the payments when due for the principal and interest. In addition to certain nonfinancial covenants, APMG is required to maintain a ratio of operating cash and investments to indebtedness of no less than 1.0-to-1.0.

On February 10, 2020, MPR signed a Forward Bond Purchase Agreement with JP Morgan Chase Bank, N.A. to finance $3,620,000 Revenue Refunding Bonds Series 2020 at a fixed rate of 2.36%. The bonds will be issued by Housing and Redevelopment Authority of the City of St Paul, Minnesota on November 25, 2020. The proceeds of the bonds will be used to refund the outstanding balance of Minnesota Public Radio Series 2010 bonds.

The Housing and Redevelopment Authority of the City of Saint Paul, Minnesota (the Authority), issued Revenue Refunding Bonds (Minnesota Public Radio Project)—Series 2014 (Series 2014 Bonds) in the original aggregate principal amount of $15,510,000. The proceeds of the bonds were used to refund the outstanding principal amount of the Authority's $10,000,000 Variable Rate Demand Revenue Bonds, Series 2002 (the Series 2002 Bonds), which provided partial financing for the acquisition, remodeling, and equipping of MPR's facilities located at 480 Cedar Street, Saint Paul, Minnesota; and the outstanding amount of the Port Authority of the City of Saint Paul Demand Revenue Bonds (Minnesota Public Radio Project)—Series 2005-7 (the Series 2005-7 Bonds), which financed the purchase of two noncommercial educational radio broadcast stations in the communities of Northfield, Minnesota, and Rochester, Minnesota.

NOTE 8 LONG-TERM DEBT (CONTINUED)

The Series 2014 Bonds were issued on December 1, 2014, and will mature on May 1, 2025, and are structured as unrated and unenhanced bonds purchased by DNT Asset Trust (the Purchaser), a wholly owned subsidiary of JP Morgan Chase Bank N.A., directly from the Authority. On December 1, 2014, MPR entered into a continuing covenant agreement, in which the Purchaser agreed to purchase the Series 2014 Bonds directly from the Authority through May 1, 2025. The Series 2014 Bonds are secured by a guaranty provided by APMG whereby APMG guarantees the payments when due for the principal and interest. Interest on the 2014 Series Bonds is fixed at 3.06% and is payable semiannually, due on May 1 and November 1, over the life of the Series 2014 bonds.

In addition to certain nonfinancial covenants, APMG is required to maintain a ratio of operating cash and investments to indebtedness of no less than 1.2-to-1.0.

The annual maturities of the long-term debt are as follows:

Year Ending June 30,	Amount
2021	$ 2,149,000
2022	2,206,000
2023	2,280,000
2024	2,350,000
2025	2,430,000
Thereafter	794,000
Total	$ 12,209,000

The Organization incurred $479,000 of interest expense on long-term debt during the year ended June 30, 2020.

NOTE 8 RIGHT OF USE ASSET AND LEASE LIABILITIES

The Organization leases automobiles, equipment, office and studio space, and broadcast transmission sites (Towers) under noncancelable lease agreements. Lease terms expire at various dates through 2058, which include lease term extensions that are reasonably certain to be exercised for Tower ROU assets that range between 5-25 years, as determined by the Organization's accounting policy for leases summarized in Note 2. The Organization uses the U.S. Treasury Bill rate applicable to the lease term to calculate the present value of lease payments when the lease interest rate is not otherwise available.

The Organization's lease agreements do not contain any material guaranteed residual values or financial covenants and generally require the Organization to pay separately for utilities, real estate taxes, maintenance, and other related non-rental costs.

NOTE 8 RIGHT OF USE ASSET AND LEASE LIABILITIES (CONTINUED)

The following table provides the Organization's right of use assets and lease liabilities for the year ended June 30, 2020.

Right of Use Assets:	
Financing Leases, net	$ 30,000
Operating Leases	36,944,000
Total	$ 36,974,000
Lease Liabilities	
Current:	
Financing Leases	$ 21,000
Operating Leases	1,966,000
Noncurrent:	
Financing Leases	34,000
Operating Leases	36,071,000
Total	$ 38,092,000

The following table provides quantitative information concerning the Organizations' leases for the year ended June 30, 2020.

Finance Lease Costs:	
Amortization of Right-to-use (ROU) Asset	$ 20,000
Interest on Lease Liabilities	6,000
Operating Lease Costs	2,909,000
Other Lease Costs	6,000
Less: Sublease Income	(75,000)
Total Lease Costs	$ 2,866,000
Other Information	
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:	
Operating Cash Flows from Operating Leases	$ 2,909,000
Financing Cash Flows from Finance Leases	26,000
Weighted Average Remaining Lease Term:	
Financing Leases	1.9
Operating Leases	27.6
Weighted Average Discount Rate:	
Financing Leases	9.2%
Operating Leases	2.4%

NOTE 8 RIGHT OF USE ASSET AND LEASE LIABILITIES (CONTINUED)

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2020 is as follows:

Year Ending June 30,	Amount
2021	$ 2,888,000
2022	2,643,000
2023	2,692,000
2024	2,755,000
2025	2,749,000
Thereafter	41,628,000
Total	$ 55,355,000

NOTE 9 COMMITMENTS AND CONTINGENCIES

MPR is involved in various legal proceedings incidental to its business. Although it is difficult to predict the ultimate outcome of these cases, management believes that the resolution of such proceedings will not have a material adverse effect on the Organization's operations or consolidated financial position.

MPR has commitments related to media content agreements of $10,423,000 through 2022.

NOTE 10 RETIREMENT PLAN

The Organization participates in APMG's 403(b) tax-deferred retirement plan (the Plan), which provides for qualified employees to make contributions to the Plan through payroll deductions. For the year ended June 30, 2020, employee contributions were matched 100% by the Organization up to 6.5% of qualified employees' base compensation (matching contributions). The Organization made matching contributions of $2,759,000 for the year ended June 30, 2020.

NOTE 11 AFFILIATED AND RELATED PARTY ORGANIZATIONS

The Organization is charged by APMG for its share of various administrative services and costs incurred on its behalf. For the year ended June 30, 2020, these charges totaled $6,055,00 and are included in administrative expenses.

During year ended June 30, 2020, the Organization was charged by Clearspring Enterprises for commissions and licensing fees of $770,000 for providing program distribution rights. The charges are included in the operations expenses of the consolidated statement of activities.

NOTE 11 AFFILIATED AND RELATED PARTY ORGANIZATIONS (CONTINUED)

The Organization received a grant from APMG of $149,000 for the year ended June 30, 2020 to support programming, which is included in intercompany grants on the consolidated statement of activities.

For the year ended June 30, 2020, MPR charged SCPR $1,586,000 for providing various operational services and facilities costs. Payments of $1,220,000 and $366,000 are reflected in other earned revenue and revenue from operating activities, respectively, for MPR. MPR provided a grant to SCPR for programming services of $171,000, which is included in operations expenses on the consolidated statement of activities.

In 1998, the APMG Board of Trustees created a quasi-endowment for the benefit of MPR (the Earned Endowment). Contributions to the Earned Endowment have come from the proceeds of the sale of for-profit subsidiaries, appreciated assets, and other prepaid contracts. The investment policy adopted by the APMG Board of Trustees includes a spending policy designating an annual distribution of 5.5% of the 20-quarter average market value of the Earned Endowment through the calendar year-end preceding the fiscal year in which the distribution is planned. APMG granted $8,599,000 for the year ended June 30, 2020, to MPR from the Earned Endowment. Under its terms, APMG maintains variance power over the Earned Endowment. As a result, the Earned Endowment is an asset of APMG, and MPR recognizes grants from APMG when received. At June 30, 2020, the fair market value of the Earned Endowment held by APMG was $157,717,000.

The MPR Board of Trustees approved a note in the amount of $24,168,000 to APMG. The note, which bears interest at 4.2%, is to be repaid over a period of 30 years. For the year ended June 30, 2020, $806,000 due to be repaid on the note and $605,000 of accrued interest was forgiven by a grant to APMG from MPR. The outstanding balance of $13,770,000 is expected to be forgiven in the next year (also see Note 12).

NOTE 12 DEFERRED REVENUE

In 2008, the Organization entered into contracts with Nextel Spectrum Acquisition Corporation (Sprint Nextel) and Clearwire Corporation (Clearwire), in accordance with Federal Communications Commission (FCC) rules, to lease excess capacity on its EBS frequencies. Under the terms of the contracts, MPR remains the licensee on the EBS frequencies and has responsibility for compliance with all educational and other requirements imposed by the FCC. The contracts provided that total lease payments of $25,000,000 be paid at the inception of the agreements. The contracts provide for initial lease periods of 15 years with the option to renew the agreements for an additional 15 years. The agreements contain acquisition rights subject to FCC rules. The total revenue from these contracts of $25,000,000, less $831,000 of costs incurred to execute the agreements, is being recognized over the 30-year lease term on a straight-line basis. During the year ended June 30, 2020, the Organization recognized $806,000 as licensing fees in the consolidated statement of activities. As of June 30, 2020, $13,770,000 of deferred revenue related to the EBS contracts is included on the consolidated statement of financial position.

NOTE 12 DEFERRED REVENUE (CONTINUED)

On July 8, 2020, the Organization entered into asset purchase agreements to assign and transfer the EBS frequencies to Clearwire Spectrum Holdings III, LLC for the original option purchase price of $8,000. Final assignment and transfer of the licenses is contingent upon approval of the license assignment from the FCC. The deferred revenue related to the EBS contacts is reported within the current liabilities on the consolidated statement of financial position.

NOTE 13 RELATED PARTY CONTRIBUTIONS

During the year ended June 30, 2020, employees and members of the MPR Board of Trustees provided contributions of $748,000 to the Organization.

MINNESOTA PUBLIC RADIO AND SUBSIDIARIES
(AN AFFILIATED ORGANIZATION OF AMERICAN PUBLIC MEDIA GROUP)
SCHEDULE OF OPERATING FUND AND LONG-TERM ACTIVITIES
YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2019)
(IN THOUSANDS)

	2020	2019
OPERATING FUND		
SUPPORT FROM PUBLIC		
Individual Gifts and Membership	$ 27,440	$ 23,882
Regional Underwriting	9,562	11,095
National Underwriting	21,789	24,535
Business General Support	356	455
Foundations	1,606	1,907
Grant from APMG Earned Endowment	7,267	6,894
Other Intercompany Grants	255	1,786
Interfund revenue	-	873
Educational Sponsors	446	444
Campaign Support	7,035	6,797
Total Support from Public	75,756	78,668
SUPPORT FROM GOVERNMENTAL AGENCIES		
Corporation for Public Broadcasting	4,162	5,165
Grants from Other Governmental Agencies	1,547	1,683
Total Support from Governmental Agencies	5,709	6,848
EARNED REVENUE		
Revenue from Operating Activities	18,504	19,734
Royalties and Licensing Fees	378	134
Investment Return, Net	1,532	1,490
Other Earned Revenue	1,896	2,145
Total Earned Revenue	22,310	23,503
Total Support and Earned Revenue	103,775	109,019
EXPENSES		
Operations	86,314	85,093
Administrative	9,856	12,130
Fundraising	12,748	12,494
Total Expenses	108,918	109,717
SUPPORT AND REVENUE IN EXCESS OF EXPENSES BEFORE LONG-TERM ACTIVITIES	(5,143)	(698)
LONG-TERM ACTIVITIES		
Designated Fund Net Change	1,930	2,442
Property Fund Net Change	(1,738)	(968)
With Donor Restrictions Net Change	(4,702)	525
Total Long-Term Activities	(4,510)	1,999
CHANGE IN NET ASSETS	(9,653)	1,301
Net Assets - Beginning of Year (as Previously Stated)	109,942	108,641
Cumulative Net Change due to Accounting Principle Change	10,986	-
Net Assets - Beginning of Year (after Cumulative Net Change)	120,928	108,641
NET ASSETS - END OF YEAR	$ 111,275	$ 109,942

MINNESOTA PUBLIC RADIO®