

**NEVADA PUBLIC RADIO  
FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2019 AND 2018**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Nevada Public Radio  
Las Vegas, Nevada

We have audited the accompanying financial statements of Nevada Public Radio (a nonprofit organization), which comprise the statement of financial position as of September 30, 2019, and the related statements of activities, functional expenses and cash flows for the year 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

**Opinion**

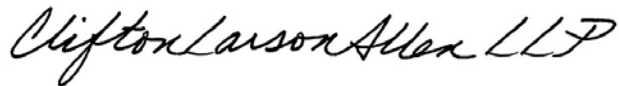
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nevada Public Radio as of September 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis-of-Matter Regarding a Change in Accounting Principle**

As discussed in Note 1 to the financial statements, Nevada Public Radio changed accounting policies related to presentation of its financial statements in 2019 as required by the provisions of FASB Accounting Standards Update 2016-14: *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to that matter.

**Other Matter**

The 2018 financial statements were audited by other auditors, whose report dated May 7, 2019, expressed an unmodified opinion on those statements. In our opinion, the comparative information presented herein as of and for the year ended September 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived and has been reclassified in accordance with the provisions of FASB Accounting Standards Update 2016-14: *Presentation of Financial Statements of Not-for-Profit Entities*



**CliftonLarsonAllen LLP**

Las Vegas, Nevada  
March 25, 2020

**NEVADA PUBLIC RADIO  
STATEMENTS OF FINANCIAL POSITION  
SEPTEMBER 30, 2019 AND 2018**

<b>ASSETS</b>	<b>2019</b>	<b>2018</b>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 760,172	\$ 68,398
Restricted Cash Equivalents	73,879	594,027
Inventory	19,615	-
Accounts Receivable, Net of Allowance	329,004	360,908
Membership Promises to Give, Net of Allowance	552,622	562,538
<i>Give Voice</i> Major Gift Initiative Promises to Give, Current	370,750	375,000
Prepaid Expenses	87,294	26,051
Total Current Assets	2,193,336	1,986,922
<b>LONG-TERM ASSETS</b>		
Broadcast Frequencies and Other Intangible Assets, Net of Accumulated Amortization	635,998	690,940
Building, Net of Accumulated Depreciation	2,825,401	2,653,616
Equipment, Net of Accumulated Depreciation	944,369	1,010,938
Furniture and Fixtures, Net of Accumulated Depreciation	104,308	37,575
Other Property, Net of Accumulated Depreciation	31,576	72,440
Refundable Deposits	2,894	2,894
<i>Give Voice</i> Major Gift Initiative Promises to Give, Noncurrent, Net of Discount and Allowance	582,153	818,506
Beneficial Interests in Trusts Held by Others	1,520,016	-
Donor-Restricted Endowment Investments	1,440,195	2,192,163
Total Long-Term Assets	8,086,910	7,479,072
<b>Total Assets</b>	\$ 10,280,246	\$ 9,465,994
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 1,687,080	\$ 1,141,629
Accrued Expenses	296,372	276,186
Notes Payable, Current Portion	123,381	116,835
Line of Credit	191,255	174,255
Deferred Revenue	105,349	102,498
Total Current Liabilities	2,403,437	1,811,403
<b>LONG-TERM LIABILITIES</b>		
Notes Payable, Net of Current Portion	191,308	314,629
Total Long-Term Liabilities	191,308	314,629
<b>NET ASSETS</b>		
Without Donor-Restrictions	3,148,046	2,740,330
With Donor-Restrictions	4,537,455	4,599,632
Total Net Assets	7,685,501	7,339,962
Total Liabilities and Net Assets	\$ 10,280,246	\$ 9,465,994

See accompanying Notes to Financial Statements.

**NEVADA PUBLIC RADIO  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>Revenue, Support, and Gains:</b>				
Membership	\$ 2,146,626	\$ 552,622	\$ 2,699,248	\$ 2,467,978
Corporate Support/Underwriting	2,890,051	-	2,890,051	3,026,700
Federal Funding (CPB Grants)	350,736	118,034	468,770	467,696
State Funding (Nevada Legislative Grant)	155,875	-	155,875	144,956
Other Grants	51,455	-	51,455	-
<i>Give Voice</i> Major Gift Initiative Revenue	-	192,587	192,587	2,690,268
Contribution of Beneficial Interests in Trusts	-	1,651,219	1,651,219	-
Donated Goods and Services	270,682	-	270,682	29,902
Net Investment Return				
Endowment	-	124,920	124,920	141,032
<i>Give Voice</i> Major Gift Initiative Interest	-	6,104	6,104	3,111
Cash Reserves	1	-	1	9
Sales, Subscriptions, and Other Revenue	90,403	-	90,403	75,106
Sale of Donated Items	379,631	-	379,631	413,741
Net Assets Released from Restrictions	2,423,106	(2,423,106)	-	-
<b>Total Revenue, Support, and Gains</b>	<b>8,758,566</b>	<b>222,380</b>	<b>8,980,946</b>	<b>9,460,499</b>
<b>Expenses and Losses:</b>				
Program Services:				
Broadcast Programming	1,516,550	-	1,516,550	1,356,573
Engineering and Operations	1,088,110	-	1,088,110	1,063,880
Community Relations	266,851	-	266,851	243,600
Desert Companion	1,310,836	-	1,310,836	1,203,681
News	779,183	-	779,183	691,186
<b>Total Program Services Expense</b>	<b>4,961,530</b>	<b>-</b>	<b>4,961,530</b>	<b>4,558,920</b>
Fundraising:				
Membership and Special Events	1,262,743	-	1,262,743	1,128,504
<i>Give Voice</i> Major Gift Initiative	67,644	-	67,644	272,847
Corporate Support/Underwriting	1,175,310	-	1,175,310	971,763
<b>Total Fundraising Expense</b>	<b>2,505,697</b>	<b>-</b>	<b>2,505,697</b>	<b>2,373,114</b>
Management and General:				
Administration	761,848	-	761,848	707,362
<b>Total Management and General Expense</b>	<b>761,848</b>	<b>-</b>	<b>761,848</b>	<b>707,362</b>
Change in Value of Beneficial Interests in Trusts	-	131,203	131,203	-
Loss on Disposal of Assets	121,775	-	121,775	1,515
Loss on Uncollectible Membership Revenue	-	153,354	153,354	65,617
<b>Total Expenses and Losses</b>	<b>8,350,850</b>	<b>284,557</b>	<b>8,635,407</b>	<b>7,706,528</b>
<b>CHANGE IN NET ASSETS</b>	<b>407,716</b>	<b>(62,177)</b>	<b>345,539</b>	<b>1,753,971</b>
Net Assets - Beginning of Year	2,740,330	4,599,632	7,339,962	5,585,991
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 3,148,046</b>	<b>\$ 4,537,455</b>	<b>\$ 7,685,501</b>	<b>\$ 7,339,962</b>

See accompanying Notes to Financial Statements.

**NEVADA PUBLIC RADIO  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, Support, and Gains:</b>			
Membership	\$ 1,905,440	\$ 562,538	\$ 2,467,978
Corporate Support/Underwriting	3,026,700	-	3,026,700
Federal Funding (CPB Grants)	351,202	116,494	467,696
State Funding (Nevada Legislative Grant)	144,956	-	144,956
<i>Give Voice</i> Major Gift Initiative Revenue	-	2,690,268	2,690,268
Donated Goods and Services	29,902	-	29,902
Net Investment Return			
Endowment	-	141,032	141,032
<i>Give Voice</i> Major Gift Initiative Interest	-	3,111	3,111
Cash Reserves	9	-	9
Sales, Subscriptions, and Other Revenue	75,106	-	75,106
Sale of Donated Items	413,741	-	413,741
Net Assets Released from Restrictions	1,699,752	(1,699,752)	-
<b>Total Revenue, Support, and Gains</b>	<b>7,646,808</b>	<b>1,813,691</b>	<b>9,460,499</b>
<b>Expenses and Losses:</b>			
Program Services:			
Broadcast Programming	1,356,573	-	1,356,573
Engineering and Operations	1,063,880	-	1,063,880
Community Relations	243,600	-	243,600
Desert Companion	1,203,681	-	1,203,681
News	691,186	-	691,186
<b>Total Program Services Expense</b>	<b>4,558,920</b>	<b>-</b>	<b>4,558,920</b>
Fundraising:			
Membership and Special Events	1,128,504	-	1,128,504
<i>Give Voice</i> Major Gift Initiative	272,847	-	272,847
Corporate Support/Underwriting	971,763	-	971,763
<b>Total Fundraising Expense</b>	<b>2,373,114</b>	<b>-</b>	<b>2,373,114</b>
Management and General:			
Administration	707,362	-	707,362
<b>Total Management and General Expense</b>	<b>707,362</b>	<b>-</b>	<b>707,362</b>
Loss on Disposal of Assets	1,515	-	1,515
Loss on Uncollectible Membership Revenue	-	65,617	65,617
<b>Total Expenses and Losses</b>	<b>7,640,911</b>	<b>65,617</b>	<b>7,706,528</b>
<b>CHANGE IN NET ASSETS</b>	<b>5,897</b>	<b>1,748,074</b>	<b>1,753,971</b>
Net Assets - Beginning of Year	2,734,433	2,851,558	5,585,991
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 2,740,330</b>	<b>\$ 4,599,632</b>	<b>\$ 7,339,962</b>

See accompanying Notes to Financial Statements.

**NEVADA PUBLIC RADIO  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

2019										
Program Services										
	Broadcast	Engineering and Operations	Community Relations	Desert Companion	News	Total	Fundraising	Management and General	Total	2018 Total
Salaries and Wages	\$ 443,131	\$ 271,434	\$ 110,351	\$ 324,388	\$ 384,847	\$ 1,534,151	\$ 1,077,130	\$ 280,070	\$ 2,891,351	\$ 3,055,102
Employee Benefits and Payroll Taxes	163,162	110,457	39,378	116,345	138,266	567,608	318,043	135,596	1,021,247	960,809
Professional Fees and Marketing	100,931	136,450	101,522	150,172	61,321	550,396	341,011	270,180	1,161,587	915,715
Technology	-	240,636	-	-	-	240,636	53,211	96,430	390,277	318,927
Office and Occupancy	5,857	67,322	330	313	96,410	170,232	95,311	179,397	444,940	284,823
Travel and Training	1,271	746	1,141	9,966	6,149	19,273	20,021	4,547	43,841	29,458
Magazine Publishing and Distribution	-	-	-	622,458	-	622,458	-	-	622,458	578,277
Interest and Insurance	-	23,620	-	-	-	23,620	-	58,143	81,763	81,844
Depreciation and Amortization	41,144	30,497	6,864	41,248	44,224	163,977	124,611	33,539	322,127	358,059
Bad Debt	-	-	-	-	-	-	75,881	-	75,881	6,130
Tower and Site Rental	-	170,053	-	-	-	170,053	-	-	170,053	149,437
Overhead	48,533	36,895	7,265	45,946	47,966	186,605	130,124	(316,729)	-	-
Programing Fees	712,521	-	-	-	-	712,521	-	-	712,521	622,485
Bank, Credit Card and Advertising										
Agency Fees	-	-	-	-	-	-	246,579	25,304	271,883	265,976
Other Expenses	-	-	-	-	-	-	23,775	(4,629)	19,146	12,354
Total Expenses by Function	\$ 1,516,550	\$ 1,088,110	\$ 266,851	\$ 1,310,836	\$ 779,183	\$ 4,961,530	\$ 2,505,697	\$ 761,848	\$ 8,229,075	\$ 7,639,396

2018										
Program Services										
	Broadcast	Engineering and Operations	Community Relations	Desert Companion	News	Total	Fundraising	Management and General	Total	
Total Expenses	\$ 1,356,573	\$ 1,063,880	243,600	1,203,681	\$ 691,186	\$ 4,558,920	\$ 2,373,114	\$ 707,362	\$ 7,639,396	

See accompanying Notes to Financial Statements.



**NEVADA PUBLIC RADIO  
STATEMENTS OF CASH FLOWS  
YEAR ENDED SEPTEMBER 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 345,539	\$ 1,753,971
Adjustment to Reconcile Change in Net Assets to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation of Property and Equipment	267,185	286,723
Amortization of Intangible Assets	54,942	71,335
Loss on Disposal of Fixed Assets	121,775	1,515
Realized and Unrealized Gain on Investments	(99,870)	(141,032)
Contributions Restricted to <i>Give Voice</i> Major Gift Initiative	(143,648)	(1,496,762)
Change in Discount on <i>Give Voice</i> Major Gift Initiative Promises to Give	(48,938)	78,285
Change in Value of Perpetual Trust	131,203	-
Contribution of Beneficial Interests in Trusts Held by Others	(1,651,219)	-
Loss on Contributions Receivable	153,354	65,617
Bad Debt Expense on Corporate Support Accounts Receivable	65,881	82,288
Change in Operating Assets and Liabilities:		
(Increase) Decrease in Inventory	(19,615)	-
(Increase) Decrease in Receivables	(167,415)	(1,349,301)
(Increase) Decrease in Prepaid Expenses	(61,243)	8,380
(Increase) Decrease in Deposits	-	(906)
(Increase) Decrease in Other Assets	-	-
Increase (Decrease) in Deferred Revenues	2,851	(13,773)
Increase (Decrease) in Accounts Payable and Accrued Expenses	565,637	294,584
Net Cash Used by Operating Activities	<u>(483,581)</u>	<u>(359,076)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash Received from Sale of Investments	2,986,186	1,936,427
Cash Paid for Purchase of Investments	(2,134,347)	(1,744,821)
Withdrawals from (Additions to) Restricted Cash for <i>Give Voice Major Gift Initiative</i>	505,908	(594,027)
Purchase of Building and Other Property	(505,805)	(522,837)
Purchase of Intangible Assets	-	(29,164)
Net Cash Provided (Used) by Investing Activities	<u>851,942</u>	<u>(954,422)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Collections of Contributions Restricted to <i>Give Voice</i> Major Gift Initiative	423,189	1,496,762
Repayments of Long-Term Obligations	(116,776)	(150,211)
Borrowings from Line of Credit	77,000	(21,720)
Payments Borrowings from Line of Credit	(60,000)	-
Net Cash Provided by Financing Activities	<u>323,413</u>	<u>1,324,831</u>
<b>NET INCREASE IN CASH</b>	691,774	11,332
Cash - Beginning of Year	<u>68,398</u>	<u>57,066</u>
<b>CASH - END OF YEAR</b>	<u>\$ 760,172</u>	<u>\$ 68,398</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest	<u>\$ 23,620</u>	<u>\$ 27,203</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITY</b>		
Accounts Payable for Property and Equipment	<u>\$ 14,240</u>	<u>\$ 30,871</u>

See accompanying Notes to Financial Statements.

**NEVADA PUBLIC RADIO  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018**

**NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Business**

Nevada Public Radio (NVPR) was incorporated as a nonprofit corporation under the laws of the state of Nevada in December 1975 and commenced broadcasting on March 24, 1980. Nevada Public Radio enhances the quality of life and fosters civic engagement by informing, educating, and inspiring our growing audiences by operating noncommercial broadcast frequencies originating from Las Vegas and Reno, and a network of repeater and translator frequencies in Nevada, St. George, Utah, and parts of California and Arizona.



We empower people to respond to and engage with their community. NVPR provides noncommercial news, information and cultural programming and services through broadcast, online and publishing activities. At September 30, 2019, NVPR operated eight FM radio stations – KNPR and KCNV in Las Vegas, KTPH in Tonopah, KLNR in Panaca, KWPR in the Lund/Ely, Nevada area, KSGU in St. George, Utah, KLKR in Elko and KVNV (NV89) in Reno, Nevada at 89.1FM. NVPR also operates nine rural translators repeating News 88.9 KNPR in Nevada, California and Arizona and a repeater of KVNV at 100.5FM is in Carson City, Nevada.

**NEVADA PUBLIC RADIO  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018**

**NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

In addition, Nevada Public Radio is the publisher of the premiere city regional magazine, Desert Companion, with a monthly distribution of 50,000 copies. Honored with numerous national awards (most recently the prestigious Folio award), Desert Companion compliments Nevada Public Radio's long-form journalism and reaches additional audiences with high-quality editorial and visual content.

**Description of Program Services**

Broadcast Programming

KNPR station is Nevada Public Radio's flagship station and is the highest rated radio news broadcaster in the market. Delivering high quality, unduplicated broadcast programming is NVPR's core business and is the foundation on which all other station activities rest. Nevada Public Radio has been an exceptional steward of the public airwaves for four decades. We have a sterling reputation for journalistic excellence and as a partner to elevate the civic, cultural, and philanthropic life of the communities we share.

Our music stations serve the cultural appetites of the region. Classical 89.7 features full length concert broadcasts including the Las Vegas Philharmonic and provides a haven from the relentless news cycle with timeless classical music 24 hours a day, seven days a week. Through September 2019, NV89 at 89.1FM in Reno, Nevada championed emerging artists nationwide with special attention to working musicians in Nevada.

Engineering and Broadcast Operations

Through an extensive network of stations and translators, NVPR services a geographical area of more than 66,000 square miles. NVPR contracts engineers with years of experience in radio who service our tower sites and equipment year-round. NVPR serves as the LP1 backbone of the Emergency Broadcast Service. Our vast network of signals is used to activate EAS alerts on all other radio, TV and cable channels in times when weather or other dangers threaten life and property.

Community Relations

Nevada Public Radio creates an accessible and ubiquitous media environment that delivers editorial and cultural content that reflects the life of our state. In turn, our channels are the conduit for messaging that tells the story of corporate social responsibility and philanthropy through sponsor and funder recognition. Our investments in editorial capacity are significant and focused on telling Nevada's story to our own audiences and those nationwide through our NPR member station network. We donate hundreds of thousands of dollars of messaging to nonprofit organizations to raise awareness of their events and needs. Our engaged audiences participate in recycling events and forgo thank you gifts to activate giving to local food banks. Our portfolio of broadcast, publishing, and digital content aggregates a diverse audience united in their appreciation of authentic, noncommercial and independent editorial and entertainment. Nevadans hear themselves in our programming and we give voice to the issues that matter most to them.

**NEVADA PUBLIC RADIO  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018**

**NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

Desert Companion

Nevada Public Radio is the publisher of *Desert Companion*, the premier city magazine that celebrates the pursuits, passions and aspirations of Southern Nevadans. With local, regional and national award-winning journalism and design, *Desert Companion* does more than inform and entertain. We spark dialogue, engage people and define the spirit of Southern Nevada. The synergies of scale at Nevada Public Radio make magazine production viable and create opportunities for editorial and event collaboration.

News

“State of Nevada” is the hub of our local journalism that extends to hourly newscast on air and continuous digital delivery of content wherever audiences seek us out on FM, www.knpr.org or via smart speakers. “State of Nevada” airs weekdays on News 88.9 KNPR and in Reno on NV89 reaching 77% of the state’s population. NVPR acquires programming from NPR, the BBC, American Public Media, and PRX to create a compelling schedule of thoughtful and timely news and information enjoyed by more than 130,000 listeners each week.

**Cash and Cash Equivalents**

NVPR considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to the *Give Voice* Major Gift Initiative are excluded from this definition.

**Receivables and Credit Policies**

Accounts receivable consist of amounts due for underwriting. It is NVPR’s policy to charge off uncollectible accounts receivable for underwriting fees when management determines the receivable will not be collected. The underwriting fees are delinquent if not collected after 30 days from the invoice date. The allowance was \$14,518 and \$0 for the years ended September 30, 2019 and 2018, respectively.

**Promises to Give**

Consistent with public broadcasting entities nationwide, NVPR uses its on-air resources to solicit individual membership contributions and provide various incentives for listeners to do so. Periodic over the air appeals are augmented with direct mail, e-mail, and personal solicitation campaigns. Consistent with on-air messaging, membership revenue supports NVPR in all areas of operations.

Contributions may also be solicited through special events, donation of vehicles, bequests and other activities intended to generate individual or corporate gifts. Contributions including unconditional promises to give and membership receipts are recognized as revenue in the period received or given. Member promises to give are typically collected within one year.

**NEVADA PUBLIC RADIO  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018**

**NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

The membership receivables are delinquent if not collected within 180 days from the pledge date. The allowance for uncollectible pledges is \$48,904 and \$51,245 as of September 30, 2019 and 2018, respectively. Contributions and collected pledges are components of the operating fund inasmuch as their usage is not limited to specific activities of the organization. Contributions with time restrictions are recorded as promises to give and as restricted contributions. The usage is consistent with appeals for contributions and pledges.

Nevada Public Radio's Give Voice Major Gift Initiative emerged from its nonpublic phase on September 29, 2018. Prior to then, contributions for Give Voice were solicited by personal meetings with prospective donors. The Give Voice Major Gift Initiative seeks to raise funds for a technical plant upgrade including the replacement and upgrade of the technical infrastructure of all broadcast facilities and equipment. In addition, funds raised in this initiative will enable NVPR to grow journalistic output for a period of approximately six years. Contributions to Give Voice are recognized as net assets with donor restrictions until such time as the funds are spent on campaign initiatives. Donors to Give Voice chose the payment structure for their gift and current promises to give will be paid in one to five years. In accordance with generally accepted accounting principles, the promises to give for this initiative at September 30, 2019 are discounted to reflect the present value. The allowance for uncollectible contributions to Give Voice is \$10,000 and \$0 as of September 30, 2019 and 2018, respectively.

**Property, Plant, and Equipment**

NVPR records property, plant and equipment additions over \$2,500 (either individually or in aggregate) at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 39 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred.

**Impairment**

NVPR reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment there was no impairment at September 30, 2019 and 2018.

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**NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
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**Intangible Assets**

Broadcast Frequencies

From time to time, NVPR acquires additional frequencies from other entities with approval from the Federal Communications Commission (FCC). Costs directly associated with the acquisition of any new frequency will be capitalized and amortized over 15 years.

NVPR operates on their acquired frequencies under licenses obtained from the FCC. Licenses are renewable every seven years. NVPR's next renewal date is October 2021. The risk of nonrenewal is inconsequential.

Internally-Developed Software

Costs incurred related to internally-developed software for membership operations are capitalized and amortized over three years.

Desert Companion Magazine

Included in intangible assets is a service mark for Desert Companion, the city regional magazine published by NVPR and a font family used specifically in the redesign of Desert Companion completed in FY16-17. These assets are amortized using a straight-line method over 15 years and 3 years, respectively.

**Investments**

The investment balances consist of certificates of deposit and money market accounts, investments in marketable equity and debt securities with readily determinable market values, and alternative investments in hedge funds. Investment purchases are recorded at cost, or if donated, at fair value on the date of the donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees. Investments are exposed to various risks such as significant world events, interest rate, credit and overall market volatility risks. As of September 30, 2019, a vast majority of our investments were in form of cash or money market accounts.

**Beneficial Interests in Trusts Held by Others**

Charitable Remainder Trust

We have been named as a remainder beneficiary in an irrevocable charitable remainder trust, which was created independently by a donor and is administered by an outside agent designated by the donor. Therefore, we have neither possession nor control over the assets of the trust. Upon the death of beneficiaries, we will receive 16.67% of the remainder assets of the trust. At the date we received notice of the beneficial interest, a contribution with donor restrictions was recorded in the statements of activities, and a beneficial interest in charitable trust held by others was recorded in the statements of financial position at fair value. Changes in fair value of the charitable remainder trust are recognized in the statements of activities. Fair value is determined using present value techniques that require us to make significant estimates subject to significant uncertainty. These estimates include: (a) value of real estate holdings;

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**NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

(b) risk-adjusted discount rate; (c) life expectancy of the beneficiaries; and (d) projected rate of return on monetary assets. It is reasonably possible that changes in the fair value of beneficial interest will occur in the near term and that such changes could materially affect the amount reported in the statements of financial position and statements of activities.

Perpetual Trust

We have been named as a beneficiary in an irrevocable trust held and administered by an independent trustee and own a 5.56% interest in the trust asset in form of a mutual fund account with a financial institution. The perpetual trust is without donor restrictions and provides for an annual distribution of the net income of the trust to us (to be determined by the trustee based on approved formulas); however, we will never receive the original corpus of the trust asset. At the date we received notice of the beneficial interest, a contribution with donor restrictions of a perpetual nature was recorded in the statement of activities, and a beneficial interest in the perpetual trust was recorded in the statement of financial position at the fair value of the underlying trust asset. Changes in fair value of the perpetual trust are recognized in the statements of activities.

Donor-imposed time restrictions are satisfied upon receipt of trust distributions and are released to net assets without donor restrictions at that time.

As of September 30, 2019, the fair value of the charitable remainder trust and the perpetual trust was \$1,001,456 and \$518,560, respectively.

Net Assets

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

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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**NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose for the restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**Revenue and Revenue Recognition**

Revenue is recognized when earned. Underwriting contract payments received in advance are deferred to the applicable period in which the underwriting services are provided. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received.

**Donated Services and In-Kind Contributions**

Contributed materials, supplies, facilities, property, professional services, advertisement and promotion are recorded at their estimated fair value at the date of donation.

Volunteers contribute time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet the recognition criteria prescribed by generally accepted accounting principles.

**Corporation for Public Broadcasting Community Service Grants**

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grant making organization responsible for providing funding to more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying organizations. CSGs are used to augment the financial resources of organizations and thereby to enhance the quality of programming and expand the scope of the organizations. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated, Section 396(k)(7). In any event, each grant must be expended within two years of the initial grant authorization.

According to the Communications Act, funds may be used at the discretion of recipients for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain activities begun with CSGs awarded in prior years.

Certain general provisions must be satisfied in connection with the application for and use of the grants to maintain eligibility and meet compliance requirements. These general provisions pertain to the use of grant funds, recordkeeping, audits, financial reporting, mailing lists, staff training, diversity reporting, and licensee status with the FCC.



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**NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Advertising Costs**

Advertising costs are expensed in the period in which they are incurred. They amounted to \$118,780 and \$150,345 for the years ended September 30, 2019 and 2018, respectively. A majority, if not all, of advertising expense consists of underwriting acknowledgements to donors in exchange for advertising services.

**Functional Allocation of Expenses**

The cost allocation methods used to allocate expenses to the appropriate functional classification as program services, management and general, and fundraising are properly supported by the NVPR's books and records, rational, systematic, and consistently applied. The allocation of functional expenses is primarily based on personnel count for each functional area and is deemed reasonable.

**Income Taxes**

NVPR is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, NVPR qualifies for the charitable contribution deduction under Section 170(b)(1)(A). In the preparation of tax returns, tax positions are taken based on interpretation of federal, state, and local income tax laws. In accordance with the accounting standards, management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts, including interest and penalties, ultimately due or owed. No amounts have been identified, or recorded as uncertain tax positions. NVPR would recognize future accrued interest and penalties in income related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred. Federal, state, and local tax returns generally remain open for examination by the various taxing authorities for a period of three to six years.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions 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 and, although not likely, those differences could be material.

**Financial Instruments and Credit Risk**

NVPR manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, NVPR has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates. Investments are made by diversified investment managers whose performance is monitored by management and the investment committee of the board of directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the investment committee believe that

**NEVADA PUBLIC RADIO  
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**NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

the investment policies and guidelines are prudent for the long-term welfare of the organization.

**Reclassifications**

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

**Subsequent Events**

We have evaluated subsequent events through March 25, 2020, the date the financial statements were available to be issued.

**Change in Accounting Principle**

We have adopted the accounting guidance in FASB Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentations of Financial Statements of Not-For-Profit Entities* in 2019. These changes were applied retroactively to ensure comparability with the prior year, with the exception of the statement of functional expenses which is presented for 2019 only. The update changes presentation and disclosure requirements for nonprofit entities to provide more relevant information about their resources (and the changes in those resources) to donors, granters, creditors, and other users. These include qualitative and quantitative requirements in the following areas: net assets classes, investment return, expenses, and liquidity. The effect of adopting the new standard resulted in a reclassification of net assets from net assets with donor restrictions to net assets without donor restrictions of \$738,118 at September 30, 2017 as a result of the change in the requirement to release from restriction gifts of long-lived assets when the assets are placed in service.

**NOTE 2 LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2019</u>	<u>2018</u>
Cash and Cash Equivalents	\$ 760,172	\$ 68,398
Accounts Receivable, Net	329,004	360,908
Membership Promises to Give, Net of Allowance	552,622	562,538
<i>Give Voice</i> Major Gift Initiative Promises to Give, Current	370,750	375,000
	<u>\$ 2,012,548</u>	<u>\$ 1,366,844</u>

Endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

As part of the liquidity management plan, NVPR invests cash in excess of daily requirements in short-term investments, certificates of deposit and money market accounts.

**NEVADA PUBLIC RADIO  
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**NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES**

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

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

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

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

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particulate input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability.

At September 30, 2019, investment assets in cash and money market accounts were classified within Level 1 based on quoted prices in active markets.

At September 30, 2018, a significant portion of NVPR investment assets were classified within Level 1 because they were comprised of open-end mutual funds and equity securities with readily determinable fair values based on daily redemption values. U.S. government obligations were valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions, and are classified within Level 2.

We use net asset value (NAV) per share as a practical expedient to estimate the fair value of the hedge funds, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

**NEVADA PUBLIC RADIO  
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**NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)**

All investments in hedge funds are invested in PMF TEI Fund, LP, which seeks to preserve capital and to generate consistent long-term appreciation across a market cycle of five to seven years. It is not actively managed as it is a liquidating fund that will distribute cash as the underlying assets of the current portfolio are liquidated. Distributions will occur quarterly as available. The process to fully liquidate is expected to take up to 10 years. There were no unfunded commitments as at September 30, 2019 and 2018.

The following table presents assets and liabilities measured at fair value on a recurring basis, except those measured at cost or by using NAV per share as a practical expedient as identified in the following, at September 30:

	2019			
	Fair Value Measurements at Report Date Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments at NAV
Total				
Investments and Cash Equivalents:				
Money Market Accounts	\$ 1,466,901	\$ -	\$ -	\$ -
Hedge Funds	47,173	-	-	47,173
	<u>1,514,074</u>	<u>1,466,901</u>	<u>-</u>	<u>47,173</u>
Beneficial Interests in Trusts:				
Charitable Trusts Held by Others	1,001,456	-	1,001,456	-
Perpetual Trusts	518,560	-	518,560	-
	<u>1,520,016</u>	<u>-</u>	<u>1,520,016</u>	<u>-</u>
Total	<u>\$ 3,034,090</u>	<u>\$ 1,466,901</u>	<u>\$ 1,520,016</u>	<u>\$ 47,173</u>

Reconciliation to Statement of Financial Position:	
Restricted Cash Equivalents	\$ 73,879
Beneficial Interests in Trusts	1,520,016
Donor-Restricted Endowment	1,440,195
	<u>\$ 3,034,090</u>

	2018			
	Fair Value Measurements at Report Date Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments at NAV
Total				
Investments and Cash Equivalents:				
Equities Securities	\$ 1,470,404	\$ 1,467,202	\$ 3,202	\$ -
Mutual Funds	421,891	421,891	-	-
Fixed Income	182,519	41,398	141,121	-
Hedge Funds	60,813	-	-	60,813
CD/Money Market/Cash	650,563	181	650,382	-
Total	<u>\$ 2,786,190</u>	<u>\$ 1,930,672</u>	<u>\$ 794,705</u>	<u>\$ 60,813</u>

Reconciliation to Statement of Financial Position:	
Restricted Cash Equivalents	\$ 594,027
Donor-Restricted Endowment	2,192,163
	<u>\$ 2,786,190</u>

**NEVADA PUBLIC RADIO  
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**NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)**

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended September 30:

Year Ended September 30, 2019	Fair Value Measurements at Report Date Using Significant Unobservable Inputs (Level 3)		
	Beneficial Interests		
	Charitable Trusts	Perpetual Trusts	Total
Balance at September 30, 2018	\$ -	\$ -	\$ -
Contributions	1,132,659	518,560	1,651,219
Investment Return, Net	(131,203)	-	(131,203)
Distributions	-	-	-
Balance at September 30, 2019	\$ 1,001,456	\$ 518,560	\$ 1,520,016

**NOTE 4 NET INVESTMENT RETURN**

Net endowment investments return consists of the following for the years ended September 30:

	2019	2018
Interest and Dividends	\$ 51,260	\$ 52,608
Realized Gains	249,737	266,927
Unrealized Losses	(149,867)	(150,323)
Total Investment Gain	151,130	169,212
Less Investment Management and Custodial Fees	(26,210)	(28,180)
Total	\$ 124,920	\$ 141,032

**NOTE 5 PROMISES TO GIVE, MEMBERSHIP, AND *GIVE VOICE* MAJOR GIFT INITIATIVE**

**Membership Promises to Give**

The following is a schedule of membership promises to give at September 30:

	2019	2018
General Membership Campaigns	\$ 586,406	\$ 603,926
Special Events	15,120	9,857
	601,526	613,783
Less Allowance for Bad Debt	(48,904)	(51,245)
Total	\$ 552,622	\$ 562,538

**NEVADA PUBLIC RADIO  
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**NOTE 5 PROMISES TO GIVE, MEMBERSHIP, AND *GIVE VOICE* MAJOR GIFT INITIATIVE  
(CONTINUED)**

**Give Voice Major Gift Initiative Promises to Give**

The following is a schedule of *Give Voice* initiative promises to give at September 30:

	2019	2018
Give Voice Major Gift Initiative	\$ 992,250	\$ 1,271,791
Less Allowance for Bad Debt	(10,000)	-
Less Discount	(29,347)	(78,285)
Total	<u>\$ 952,903</u>	<u>\$ 1,193,506</u>

Promises to give (including membership and Give Voice Major Gift Initiative) are expected to be collected as follows:

	2019	2018
Collected in Less than One Year	\$ 923,372	\$ 937,538
Collected in One to Five Years	582,153	818,506
Total	<u>\$ 1,505,525</u>	<u>\$ 1,756,044</u>

**NOTE 6 PROPERTY, PLANT, AND EQUIPMENT**

For years ended September 30, the property, plant, and equipment assets of Nevada Public Radio include the following:

	2019	2018
Broadcast Equipment	\$ 2,115,854	\$ 2,473,151
Technical Upgrade	741,135	598,193
Furniture	1,005,221	986,522
Radio Reading Equipment	-	65,576
Office Equipment	120,567	388,650
Camera Equipment	13,690	9,441
Reno Capital Tenant Improvements	-	57,035
	<u>3,996,467</u>	<u>4,578,568</u>
Less Accumulated Depreciation	<u>(2,916,214)</u>	<u>(3,457,615)</u>
	1,080,253	1,120,953
Building	3,879,382	3,879,382
Building Renovations	974,842	690,461
	<u>4,854,224</u>	<u>4,569,843</u>
Less Accumulated Depreciation	<u>(2,028,823)</u>	<u>(1,916,227)</u>
	2,825,401	2,653,616
Total Property, Plant, and Equipment, Net	<u>\$ 3,905,654</u>	<u>\$ 3,774,569</u>

**NEVADA PUBLIC RADIO  
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**NOTE 7 INTANGIBLE ASSETS**

The intangible assets of Nevada Public Radio include the following at September 30:

	<u>2019</u>	<u>2018</u>
Frequency Acquisition Costs	\$ 1,154,099	\$ 1,154,099
Less Accumulated Amortization	<u>(532,040)</u>	<u>(486,682)</u>
	622,059	667,417
Trademark	4,285	4,285
Less Accumulated Amortization	<u>(2,952)</u>	<u>(2,642)</u>
	1,333	1,643
Internally - Developed Software	31,125	31,125
Less Accumulated Amortization	<u>(18,708)</u>	<u>(10,000)</u>
	12,417	21,125
Desert Companion Fonts	2,265	2,265
Less Accumulated Amortization	<u>(2,076)</u>	<u>(1,510)</u>
	189	755
Total Intangible Assets, Net	<u>\$ 635,998</u>	<u>\$ 690,940</u>

The future estimated amortization for these assets is as follows for the years ending September 30:

<u>Year Ending September 30,</u>	<u>Amount</u>
2020	\$ 64,452
2021	54,717
2022	49,342
2023	49,342
2024	49,247
Thereafter	<u>368,898</u>
Total	<u>\$ 635,998</u>

**NOTE 8 LINE OF CREDIT**

On July 21, 2014, NVPR obtained a \$200,000 revolving line of credit, secured by all inventory, contract rights, chattel paper, accounts, equipment, and general intangibles. The line has been extended through August 15, 2020. Borrowings under the line bear interest at the greater of the bank's prime rate plus 2%, which aggregated to 7% at September 30, 2019. There was \$191,255 and \$174,255 outstanding against the line of credit for fiscal years ended September 30, 2019 and 2018 respectively.

**NEVADA PUBLIC RADIO  
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**NOTE 9 NOTES PAYABLE**

Notes payable at September 30, consists of:

<u>Description</u>	<u>2019</u>	<u>2018</u>
Note payable to a financial institution, payable in monthly installments of approximately \$10,459, interest rate is 5.25%, due on or before February 15, 2022	\$ 283,952	\$ 391,226
Note payable to a financial institution, payable in monthly installments of approximately \$951, interest rate is 5.25%, due on or before August 4, 2022	<u>30,737</u>	<u>40,238</u>
	314,689	431,464
Less Current Portion	<u>(123,381)</u>	<u>(116,835)</u>
Total Notes Payable	<u>\$ 191,308</u>	<u>\$ 314,629</u>

The collateral for loan 1 includes all inventory, contract rights, chattel paper, accounts, equipment, and general intangibles as well as all equipment, fixtures, attachments, accessories, fittings, increases, tools, parts, repairs, supplies, and commingled goods relating to all property related to KVVN-FM located in Sun Valley, Nevada.

The collateral for loan 2 includes all equipment including but not limited to one bay transmit antenna at the 35-foot level on tower and rack space for an FM translator located on McClellan Peak near Carson City, Nevada.

The future maturities as of September 30, 2019 are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2020	\$ 123,381
2021	130,017
2022	<u>61,291</u>
Total	<u>\$ 314,689</u>

**NOTE 10 LEASES**

**Land Lease**

The main operations for NVPR are conducted at the Donald W. Reynolds Broadcast facility, a building constructed on 1.5 acres of land under the terms of a 99-year lease with the Board of Regents of the Nevada System of Higher Education, located on the College of Southern Nevada campus, which commenced December 14, 1995, in exchange for sponsor recognition and on-air program time. The leased land value and payment of utilities and other services of \$60,000 have been included as part of a trade agreement for the year ended September 30, 2019 and 2018. The lease expires in 2095.



**NEVADA PUBLIC RADIO  
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**NOTE 10 LEASES (CONTINUED)**

**Operating**

NVPR leases various transmitting sites, rack space, office space and equipment under noncancelable operating leases expiring on various terms from 1 – 14 years. These leases are automatically renewed unless notice is given by the lessor or lessee. Approximate future rental commitments for these items at September 30, 2019 are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2020	\$ 175,625
2021	139,014
2022	130,427
2023	113,072
2024	100,470
Thereafter	878,730
Total	<u>\$ 1,537,337</u>

Rent incurred under noncancelable operating leases for the above items were approximately \$227,610 and \$171,170, respectively for the years ended September 30, 2019 and 2018. It is anticipated that leases that expire will be renewed or replaced in the ordinary course of business.

**NOTE 11 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes or periods at September 30:

	<u>2019</u>	<u>2018</u>
Subject to Expenditure for Specified Purpose:		
Tech Upgrade Fund	<u>\$ 73,879</u>	<u>\$ 594,027</u>
Subject to the Passage of Time:		
Unconditional Promises to Give, Net - Major Gift Initiative	952,903	1,193,506
Unconditional Promises to Give, Net - Membership	552,622	562,538
Beneficial Interests in Charitable Trusts Held by Others	1,520,016	-
	<u>3,025,541</u>	<u>1,756,044</u>
Endowments:		
Subject to Endowment Spending Policy and Appropriation:		
Endowment #1	932,783	946,028
Endowment #2	49,942	-
Restricted Funds for Programming	-	453,223
	<u>982,725</u>	<u>1,399,251</u>
Perpetual in Nature:		
Endowment #2	455,310	850,310
Total Endowments	<u>1,438,035</u>	<u>2,249,561</u>
	<u>\$ 4,537,455</u>	<u>\$ 4,599,632</u>

**NEVADA PUBLIC RADIO  
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**NOTE 11 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

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

	2019	2018
Expiration of Time Restrictions	\$ 960,409	920,935
Satisfaction of Purpose Restrictions - Capital Expenditures	526,251	598,193
Endowment distributions and appropriations	99,079	180,624
Redesignation of Amounts Required to be Maintained in Perpetuity	837,367	-
	\$ 2,423,106	\$ 1,699,752

**NOTE 12 ENDOWMENTS**

Nevada Public Radio has two term endowments and one perpetual endowment.

Both term endowments were established per agreements with the Donald W. Reynolds Foundation. The first of these (Endowment #1) had an original corpus of \$906,452. The corpus and earnings on the investment are restricted for providing maintenance and upkeep of the building donated by the Donald W. Reynolds Foundation. During the year ended September 30, 2013, the Donald W. Reynolds Foundation reclassified Endowment #1 from a permanent endowment to a term endowment which allows Nevada Public Radio to spend up to 5% of the corpus per year. During the year ended September 30, 2019, the donor approved the redesignation of \$31,810 of that original corpus for operations, which was released to net assets without donor restrictions.

The second term endowment (Restricted Fund for Programs) was received during the year ended September 30, 2009, with an original corpus of \$906,452. The earnings on the investment and 5% of the corpus may be spent on programs and operations each year. During the year ended September 30, 2019, the donor approved the redesignation of \$425,557 of that original corpus for operations, which was released to net assets without donor restrictions.

The permanent endowment (Endowment #2) had an original corpus of \$850,310 with the earnings on the investment to be used for general operations. During the year ended September 30, 2019, certain donors approved the redesignation of \$380,000 of that original corpus for operations, which was released to net assets without donor restrictions.

**Interpretation of Relevant Law**

Nevada Public Radio has interpreted Nevada Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As a result of this interpretation, Nevada Public Radio classifies as net assets with donor-restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

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**NOTE 12 ENDOWMENTS (CONTINUED)**

The remaining portion of the donor-restricted endowment is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the board of directors in a manner consistent with the standard of prudence prescribed by UPMIFA. Nevada Public Radio considers the following factors in making a determination to appropriate or accumulate donor- restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization

Endowment net asset composition by type of fund as of September 30:

	2019		
	Without Donor Restriction	With Donor Restriction	Total
Endowment #1	\$ -	\$ 932,783	\$ 932,783
Endowment #2	-	505,252	505,252
Total	\$ -	\$ 1,438,035	\$ 1,438,035

	2018		
	Without Donor Restriction	With Donor Restriction	Total
Endowment #1	\$ -	\$ 946,028	\$ 946,028
Endowment #2	-	850,310	850,310
Restricted Funds for Programs	-	453,223	453,223
Total	\$ -	\$ 2,249,561	\$ 2,249,561

**Investment and Spending Policies**

Nevada Public Radio has adopted investment and spending policies for endowment assets, the primary emphasis of which is to (1) increase the overall purchasing power of the endowment through asset growth and income returns and (2) provide a source of funds if the board of directors deem it necessary for capital expenditures or annual operations. Under these policies, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results attainable over a three to five year time frame. Nevada Public Radio expects its endowment funds, over time, to provide an average rate of return approximately equal to those of the overall market for similar investment types. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, Nevada Public Radio relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Nevada Public Radio targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

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**NOTE 12 ENDOWMENTS (CONTINUED)**

Nevada Public Radio has a spending policy which governs the rate at which funds may be appropriated from the donor-restricted endowment required to be maintained in perpetuity (Endowment #2) for operations. The annual spending appropriation is calculated as a percentage of the endowment market value. Year-to-year fluctuations caused by changes in market value are moderated by using a moving average, computed on the last sixteen quarters of endowment market values. The appropriation is limited to 7% of the sixteen-quarter moving average of the endowment market value. This policy is consistent with Nevada Public Radio's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Changes in endowment net assets for the years ended September 30:

	2019		
	Without Donor Restriction	With Donor Restriction	Total
Endowment Net Assets, Beginning of Year	\$ -	\$ 2,249,561	\$ 2,249,561
Investment Return:			
Investment Income	-	51,260	51,260
Net Appreciation (Realized and Unrealized)	-	73,660	73,660
Total Investment Return	-	124,920	124,920
Appropriation in accordance with spending policy and donor agreements	-	(99,079)	(99,079)
Redesignations	-	(837,367)	(837,367)
Endowment Net Assets, End of Year	<u>\$ -</u>	<u>\$ 1,438,035</u>	<u>\$ 1,438,035</u>
	2018		
	Without Donor Restriction	With Donor Restriction	Total
Endowment Net Assets, Beginning of Year	\$ -	\$ 2,289,153	\$ 2,289,153
Investment Return:			
Investment Income	-	53,476	53,476
Net Appreciation (Realized and Unrealized)	-	87,556	87,556
Total Investment Return	-	141,032	141,032
Appropriation in accordance with spending policy and donor agreements	-	(180,624)	(180,624)
Endowment Net Assets, End of Year	<u>\$ -</u>	<u>\$ 2,249,561</u>	<u>\$ 2,249,561</u>

**NEVADA PUBLIC RADIO  
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**NOTE 12 ENDOWMENTS (CONTINUED)**

**Fund with Deficiencies and Borrowings**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires Nevada Public Radio to retain. At September 30, 2019 and 2018 there were no funds with deficiencies.

During September 30, 2018, Nevada Public Radio borrowed \$57,398 from the donor-restricted endowment investments for use in operations. At September 30, 2019, \$30,888 of the borrowings remain outstanding. Subsequent to year end, Nevada Public Radio obtained permission from the donor to redesignate the remaining corpus for Endowment #2, which eliminated the amount of borrowings outstanding.

**NOTE 13 DONATED SERVICES AND EQUIPMENT**

Donated services and equipment are recorded, at estimated fair value, as revenue and expenses, or capital equipment. Donated services for the years ended September 30 are as follows:

	2019			
	Program	Management and General	Fundraising	Total
Internet Services	\$ 7,102	\$ -	\$ -	\$ 7,102
Information Technology	22,800	-	-	22,800
Meals	-	24,330	-	24,330
Rewards Certificates	-	-	212,500	212,500
Professional Services	-	3,950	-	3,950
Total	\$ 29,902	\$ 28,280	\$ 212,500	\$ 270,682
	2018			
	Program	Management and General	Fundraising	Total
Internet Services	\$ 7,102	\$ -	\$ -	\$ 7,102
Information Technology	22,800	-	-	22,800
Total	\$ 29,902	\$ -	\$ -	\$ 29,902

**NEVADA PUBLIC RADIO  
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**NOTE 14 BARTER TRANSACTIONS**

Barter transaction service expenses by natural class incurred for the years ended September 30 are as follows:

	2019	2018
Utilities	\$ 60,000	\$ 60,000
Employee Retention	-	2,300
Advertising	118,780	150,345
Community Events	25,108	2,800
Meals	45,475	28,665
Fundraising	26,720	7,900
Professional Services	2,250	8,296
Total	<u>\$ 278,333</u>	<u>\$ 260,306</u>

**NOTE 15 EMPLOYEE RETIREMENT PLAN**

NVPR sponsors a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code covering substantially all full-time employees. Employees can contribute tax deferred wages with NVPR matching the same amount. The matching contribution was limited to 7% for the year ended September 30, 2019. For eligible employees meeting a two year vesting and 1,000 hour per year requirement, NVPR will contribute a base contribution of 7%. The base contributions are provided despite any contributions made by the employee. Retirement expense for the above plans for years ended September 30, 2019 and 2018 was approximately \$334,754 and \$330,341, respectively.

**NOTE 16 RELATED PARTY TRANSACTION**

During the years ended September 30, 2019 and 2018, NVPR had an agreement with JBH Link, LLC, a company owned by the spouse of a board member, to provide consulting services in effective major gift management. Amounts paid were \$2,600 and \$48,600 during the years ended September 30, 2019 and 2018, respectively.

**NOTE 17 SUBSEQUENT EVENTS**

Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to Nevada Public Radio, COVID-19 may impact various parts of its 2020 operations and financial results. Management believes Nevada Public Radio is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

