FY2019

Chicago Public Media, Inc.

CONSOLIDATED FINANCIAL REPORT

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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Independent Auditor's Report

To the Board of Directors
Chicago Public Media, Inc.

We have audited the accompanying consolidated financial statements of Chicago Public Media, Inc. (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2019 and 2018 and the related consolidated statements of activities, functional expenses, and cash flows and for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated 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.

Auditor's Responsibility

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

Opinion

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

Emphasis of Matter

As described in Note 1 to the financial statements, the Organization adopted the provisions of the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*; ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*; ASU No. 2016-02, *Leases*; and ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* as of July 1, 2018. Our opinion is not modified with respect to this matter.

Plante & Moran, PLLC

October 10, 2019

Consolidated Statements of Financial Position

June 30, 2019 and 2018

	2019	2018
Assets		
Cash and cash equivalents	$ 6,311,399	$ 8,410,649
Pledges receivable, net of discount	5,520,216	4,079,577
Grants receivable	1,205,685	857,710
Underwriting and other receivables, net of allowance	1,616,962	1,537,882
Prepaid expenses	425,775	224,235
Investments	40,935,359	37,704,511
Property and equipment, net	18,353,189	13,151,918
Right of use asset	1,983,222	2,439,250
Frequency rights and other intangible assets	1,360,513	1,360,513
Asset under swap agreement	-	368,585
Total Assets	**$ 77,712,320**	**$ 70,134,830**
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 923,042	$ 417,943
Accrued expenses	3,400,189	1,668,833
Operating lease liability	1,983,222	2,439,250
Deferred revenue	46,687	263,246
Promissory note payable	777,754	944,422
Revenue bonds payable, net of issuance costs	21,815,429	21,806,755
Liability under swap agreement	252,050	-
Total Liabilities	29,198,373	27,540,449
Net assets		
Net assets without donor restrictions	39,643,380	36,600,698
Net assets with donor restrictions	8,870,567	5,993,683
Total net assets	48,513,947	42,594,381
Total Liabilities and Net Assets	**$ 77,712,320**	**$ 70,134,830**

See notes to the consolidated financial statements.

Chicago Public Media, Inc.

Consolidated Statements of Activities

Years Ended June 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues						
Membership contributions	$ 11,960,804	$ -	$ 11,960,804	$ 11,681,806	$ -	$ 11,681,806
Corporation for Public Broadcasting - Community Service Grant	968,450	349,708	1,318,158	953,669	339,091	1,292,760
Contributions and other grants	1,958,961	6,469,307	8,428,268	1,777,290	7,741,285	9,518,575
Program underwriting	7,016,988	-	7,016,988	6,505,568	-	6,505,568
In-kind services and contributions	1,995,261	-	1,995,261	1,482,160	-	1,482,160
Special events (net of expenses of $617,014 and $486,486 respectively)	922,881	-	922,881	613,184	-	613,184
Production, rental, and other revenue	2,545,592	-	2,545,592	2,300,732	-	2,300,732
Total operating revenue	**27,368,937**	**6,819,014**	**34,187,951**	**25,314,409**	**8,080,376**	**33,394,785**
Net assets released from restrictions	3,942,130	(3,942,130)	-	3,845,672	(3,845,672)	-
Total operating revenues, including restricted and released revenues	**31,311,067**	**2,876,884**	**34,187,951**	**29,160,081**	**4,234,704**	**33,394,785**
Operating expenses						
Program services						
Content creation	12,652,496	-	12,652,496	11,976,284	-	11,976,284
Content Distribution	3,018,797	-	3,018,797	2,912,732	-	2,912,732
Community and audience engagement	4,014,858	-	4,014,858	3,015,554	-	3,015,554
Total program services	**19,686,151**	**-**	**19,686,151**	**17,904,570**	**-**	**17,904,570**
Supporting services						
Management and General	3,829,973	-	3,829,973	3,151,001	-	3,151,001
Fundraising	6,977,408	-	6,977,408	6,334,094	-	6,334,094
Total supporting services	**10,807,381**	**-**	**10,807,381**	**9,485,095**	**-**	**9,485,095**
Total operating expenses	**30,493,532**	**-**	**30,493,532**	**27,389,665**	**-**	**27,389,665**
	-	-	-	-	-	-
Increase in net assets from operations	**817,535**	**2,876,884**	**3,694,419**	**1,770,416**	**4,234,704**	**6,005,120**
Nonoperating activities						
Investment income, net of investment fees	2,833,127	-	2,833,127	2,458,854	95	2,458,949
Change in value of interest rate swap agreements	(620,635)	-	(620,635)	584,963	-	584,962
Gain on disposal of assets	12,655	-	12,655	-	-	-
Total nonoperating activities	**2,225,147**	**-**	**2,225,147**	**3,043,817**	**95**	**3,043,911**
Increase in net assets	**3,042,682**	**2,876,884**	**5,919,566**	**4,814,233**	**4,234,799**	**9,049,031**
Net assets						
Beginning of Year	36,600,698	5,993,683	42,594,381	31,786,465	1,758,884	33,545,350
End of Year	**$ 39,643,380**	**$ 8,870,567**	**$ 48,513,947**	**$ 36,600,698**	**$ 5,993,683**	**$ 42,594,381**

See notes to the consolidated financial statements.

Consolidated Statements of Functional Expenses

Year Ended June 30, 2019

	Program Services				Supporting Services			
	Content Creation	Content Distribution	Community and Audience Engagement	Total	Management and General	Fundraising	Total	2019
Salaries and Benefits	$ 8,171,241	$ 1,047,809	$ 1,951,634	$ 11,170,684	$ 2,383,587	$ 2,277,084	$ 4,660,671	$ 15,831,356
Programming and Production Costs	1,974,583	311,159	-	2,285,742	-	-	-	2,285,742
Membership Services	-	-	202,479	202,479	-	990,678	990,678	1,193,157
Marketing and Public Relations	6,696	-	838,156	844,852	-	110,183	110,183	955,035
Consulting, Freelance, and Professional Fees	246,646	493,498	402,836	1,142,980	538,746	2,411,867	2,950,613	4,093,593
Travel and Training	111,061	12,724	7,518	131,303	93,828	26,584	120,412	251,715
In Kind Occupancy, Services, and Trade	1,013,652	90,186	145,316	1,249,154	148,718	214,132	362,851	1,612,005
Technology and Supplies	104,470	334,315	292,919	731,704	89,915	161,661	251,576	983,280
Dues and Subscriptions	19,486	120,251	173	139,910	50,533	23,776	74,309	214,219
Occupancy	299,798	134,348	62,768	496,915	114,910	133,579	248,489	745,404
Insurance	72,436	8,301	9,977	90,714	42,700	19,734	62,434	153,148
Miscellaneous	1,246	224	11,258	12,728	116,793	(30,523)	86,270	98,998
Financing and Other Bank and Transaction Costs	264,884	48,743	45,433	359,060	107,427	550,904	658,331	1,017,391
Depreciation and Amortization	366,297	417,239	44,390	827,926	142,815	87,748	230,563	1,058,489
Total Expenses	**$ 12,652,496**	**$ 3,018,797**	**$ 4,014,858**	**$ 19,686,151**	**$ 3,829,973**	**$ 6,977,408**	**$ 10,807,381**	**$ 30,493,532**

See notes to the consolidated financial statements.

Consolidated Statements of Functional Expenses

Year Ended June 30, 2018

	Program Services				Supporting Services			
	Content Creation	Content Distribution	Community and Audience Engagement	Total	Management and General	Fundraising	Total	2018
Salaries and Benefits	$ 7,017,352	$ 1,217,989	$ 1,575,872	$ 9,811,213	$ 2,090,801	$ 2,687,685	$ 4,778,487	$ 14,589,700
Programming and Production Costs	2,056,949	313,337	-	2,370,286	-	-	-	2,370,286
Membership Services	-	-	56,937	56,937	-	973,890	973,890	1,030,828
Marketing and Public Relations	6,390	-	436,782	443,172	-	75,285	75,285	518,457
Consulting, Freelance, and Professional Fees	445,740	384,575	244,467	1,074,781	353,322	1,335,898	1,689,220	2,764,001
Travel and Training	86,170	17,655	9,769	113,595	109,710	42,065	151,776	265,370
In Kind Occupancy, Services, and Trade	915,813	69,471	192,775	1,178,058	127,055	232,120	359,175	1,537,234
Technology and Supplies	125,045	332,016	213,656	670,717	76,412	173,566	249,978	920,695
Dues and Subscriptions	43,743	3,052	117,497	164,293	15,783	24,288	40,070	204,363
Occupancy	318,442	226,804	33,874	579,119	68,689	66,513	135,202	714,321
Insurance	79,301	7,575	9,609	96,485	38,693	18,868	57,560	154,045
Miscellaneous	587	24,829	11,741	37,157	46,581	53,419	100,000	137,157
Financing and Other Bank and Transaction Costs	364,794	50,380	74,606	489,781	115,584	575,945	691,529	1,181,310
Depreciation and Amortization	515,958	265,050	37,968	818,975	108,371	74,552	182,923	1,001,898
Total Expenses	**$ 11,976,284**	**$ 2,912,732**	**$ 3,015,554**	**$ 17,904,570**	**$ 3,151,001**	**$ 6,334,094**	**$ 9,485,095**	**$ 27,389,665**

See notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

Years Ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Increase in net assets	$ 5,919,566	$ 9,049,031
Adjustments to reconcile increase in net assets to net cash used in operating		
Depreciation and amortization	1,058,489	1,001,898
Amortization of right of use asset	456,029	404,447
Gain on asset disposal	(12,655)	-
Net realized and unrealized gain on investments	(2,458,255)	(2,181,424)
Contributions made for long-term purposes	-	1,000,000
Change in value of interest rate swap agreements	620,635	(584,963)
Changes in:		
Underwriting and other receivables	(79,080)	(354,531)
Grants receivable	(347,975)	67,290
Pledges receivable	(1,440,639)	(3,013,133)
Prepaid expenses	(201,541)	60,773
Accounts payable	505,099	37,417
Accrued expenses	1,731,356	177,997
Operating lease liability	(456,028)	(404,446)
Deferred revenue	(216,559)	220,007
Net cash and cash equivalents provided by operating activities	**5,078,442**	**5,480,363**
Cash flows from investing activities		
Capital expenditures	(6,238,428)	(430,296)
Purchases of investments	(55,064,431)	(13,655,775)
Purchase of permanently restricted endowments	-	(1,000,000)
Sales of investments	54,291,835	11,767,890
Net cash and cash equivalents used in investing	**(7,011,024)**	**(3,318,181)**
Cash flows from financing activities		
Principal payments on promissory note payable	(166,668)	(166,668)
Net cash and cash equivalents used in financing activities	**(166,668)**	**(166,668)**
(Decrease) Increase in cash and cash equivalents	**(2,099,250)**	**1,995,514**
Cash and cash equivalents		
Beginning of year	8,410,649	6,415,135
End of year	**$ 6,311,399**	**$ 8,410,649**
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 533,031	$ 676,657
Operating lease obligations entered into	$ 109,379	$ 168,059
Property and equipment additions included in accounts payable and accrued expenses	$ 1,742,387	$ 40,129

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See notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies
Originally established as an extension service of the Chicago Board of Education, WBEZ first signed on in 1943. For most of its early years, the station only broadcast educational instruction, operating during the school year on weekdays while Chicago Public Schools were in session. In 1970, the station became one of the first charter member stations of National Public Radio (NPR). In 1990, Chicago Public Media, Inc. acquired the WBEZ license from the Board of Education as an independent community licensee and nonprofit, WBEZ Alliance, Inc.

In April 2010, Chicago Public Media's Board of Directors adopted the name "Chicago Public Media" in order to become a better recognized and stronger leader among public media creators and distributors, while aiming to continue the creation of challenging, informative and emotional media experiences that enhance civic life and improve community health by further deepening and growing our existing portfolio of public media brands.

Today, Chicago Public Media serves the public interest by producing and delivering diverse, compelling content of multiple viewpoints and expression. Chicago Public Media broadcasts its service on four noncommercial FM radio stations: WBEZ 91.5 FM in Chicago, WBEQ 90.7 FM in Morris, 91.7 FM (W219CD) in Elgin, and WBEK 91.1 FM in Kankakee, Illinois; via WBEZ.org, mobile apps and podcasts; and in live events that generate conversations across communities. In addition to local programming, Chicago Public Media produces *Sound Opinions,* and *Wait, Wait ... Don't Tell Me!* (a co-production with NPR) for national distribution. In 2005, Chicago Public Media launched a new media service, Vocalo, which is broadcast on WBEW 89.5 FM in Chesterton, Indiana, and on 91.1 FM (W216CL) in Chicago; online at Vocalo.org; and syndicated on multiple stations around Chicagoland.

Chicago Public Media occupies facilities on property leased under a long-term arrangement with Navy Pier, Inc., an Illinois nonprofit corporation at Navy Pier in Chicago. The facilities and improvements were financed, in part, by proceeds from the issuance of $22,000,000 in revenue bonds.

Chicago Public Media, Inc. formed CPR Communications Services, LLC (CPR) in 2008 for the sole purpose of purchasing property for the construction of a new radio tower in Porter County, Indiana. In July 2011, Media Chicago, LLC (Media) was formed to invest in and develop new media and other property, to hold title property and to collect income for the exclusive benefit of its sole member, Chicago Public Media, Inc. Chicago Public Media, Inc., CPR and Media Chicago, LLC are collectively referred to herein as the Organization.

The Organization is a Section 501(c)(3) entity, which is exempt from federal income tax under Section 501(a) of the Internal Revenue Code, and is exempt from federal and state income taxes (under applicable state law) except for taxes on unrelated business income. CPR and Media are disregarded entities for tax purposes.

A summary of significant accounting policies is as follows:

Accounting policies: The Organization follows accounting standards established by the Financial Accounting Standards Board (FASB) to ensure consistent reporting of financial condition, results of activities and cash flows. References to accounting principles generally accepted in the United States of America (U.S. GAAP) in these footnotes are to the FASB Accounting Standards Codification™, sometimes referred to as the Codification or ASC. Management also follows the Corporation for Public Broadcasting's publication, Principles of Accounting and Financial Reporting for Public Telecommunication Entities, which follows U.S. GAAP and promotes consistency in financial reporting among public broadcasting entities.

Basis of presentation: The Organization follows the accounting guidance for financial statements of nonprofit organizations, which requires that net assets and related revenue, expenses, gains and losses be classified into two classes of net assets – net assets without donor restrictions and net assets with donor restrictions, based upon the existence or absence of donor-imposed restrictions. These net asset classes are described as follows:

> *Net assets without donor restrictions:* Net assets available for use in general operations and not subject to donor restrictions.

Note 1. Nature of Activities and Significant Accounting Policies - Continued

Basis of presentation – continued: *Net assets with donor restrictions:* Net assets with donor restrictions arise from contributions whose use is limited by donor-imposed restrictions that either require the principal of a gift to be invested in perpetuity, expire with the passage of time, or can be fulfilled by actions of the Organization pursuant to those restrictions. When a restriction expires or is satisfied, net assets with donor restrictions are transferred to net assets without donor restrictions and are reported in the statement of activities as net assets released from donor restrictions.

Principles of consolidation: The consolidated financial statements include the activity of Chicago Public Media, Inc., CPR and Media. All significant intercompany transactions have been eliminated upon consolidation.

Revenue: Membership and other contributions are recorded as receivables and recognized as revenue when pledged. If not pledged, membership and other contributions are recognized as revenue when received in cash. Grants and donations restricted for a particular purpose or project are recorded as revenue with restrictions when awarded and are transferred to the fund without donor restrictions when the provisions of the grants and donations are satisfied (net assets released upon meeting restricted purposes). The Organization receives a share of net revenues for two programs (which it sold in July 2015) and recognizes revenue based on a calculation of the Organization's share of the earnings. The program owner remits payment based on their fiscal year, which ends on December 31st. The Organization's revenue streams under contracts with customers are:

1. Program Underwriting
2. Special Events
3. Production, rental, and other revenue, to include:
    a. E-commerce Sales
    b. Ticketed Events
    c. Carriage
    d. Trade
    e. Studio Rental

Revenue recognized from contracts with customers during FY19 and FY18 was $8,357,644 and $7,384,437 respectively.

Summary of Performance Obligations: For each revenue stream identified above, revenue recognition is subject to the completion of performance obligations. Amounts received in advance are recorded as deferred revenue. The following explains the performance obligations related to each revenue stream and how those are recognized:

<u>Program Underwriting:</u>

The Organization generates revenue from written and implied program underwriting agreements which identify specific obligations, such as air-time radio spots and digital impressions that are delivered on behalf of a corporate sponsor. These air-time radio spots and digital impressions are recognized over time as they are delivered, satisfying each performance obligation.

<u>Special Events:</u>

The Organization often hosts special events, such as a gala, to raise contributions and generate support for its mission. Special event tickets consist of an exchange portion and a contribution portion, set at the donor's discretion. The Organization records the exchange portion as deferred revenue and the contribution as restricted revenue until the event occurs, at which time, all revenue is recognized and the performance obligations are satisfied.

<u>E-commerce Sales:</u>

The Organization generates revenue from occasional pop-up, e-commerce merchandise sales. E-commerce sales are point-of-sale transactions and revenue is recognized at the point-in-time when the sales occur.

Note 1. Nature of Activities and Significant Accounting Policies – Continued

Summary of Performance Obligations - continued:

Ticketed Events:

The Organization earns revenue for ticketed events that are held throughout the year. The exchange-based revenue is recognized at the time of performance, meeting the performance obligation.

Carriage Fees:

The Organization earns revenue for carriage fees from stations broadcasting Chicago Public Media's radio talk show and podcast, *Sound Opinions*. Carriage fees are recognized over time as programs are aired, satisfying the performance obligation. Carriage fee revenue is calculated at seventy percent of all gross revenues received by the Public Radio Exchange (PRX) in connection with the marketing, broadcasting, distribution, and sub-licensing of the broadcast and distribution rights of *Sound Opinions*.

Trade:

The Organization earns trade revenue by delivering air-time radio spots, digital impressions and other alternative revenue on behalf of a sponsor in exchange for other products and services. This revenue is recognized over time as the performance obligations are satisfied.

Studio Rental*:*

The Organization earns studio rental revenue through the contracted use of its available studio space and audio equipment by groups or individuals for their own audio production. Rates are recognized once the renter has used the studio, satisfying the performance obligation.

Pledges, grants and underwriting receivables: Pledges receivable are considered due within one year, unless otherwise indicated by the donor. Provision for estimated losses on collection of unpaid pledges is maintained at a level management believes is sufficient to cover potential losses and is based on the Organization's pledge collection history. Management considers all pledges to be fully collectible at June 30, 2019 and 2018. Pledges, not due within one year, are recorded at the present value of estimated future cash flows.

The Organization's sustaining membership program is known as High Fidelity. Donors choose an amount to contribute each month and the Organization automatically bills the donor's credit card, debit card or bank account. Revenue is recognized monthly.

Various grants for programming and general operations which have yet to be received in cash are recorded as grants receivable.

Underwriting from corporations is recorded as a receivable each month after the corporation's name and message have been broadcast. An allowance for doubtful accounts is maintained at a level management believes is sufficient to cover potential losses. The allowance is based on specific identification of uncollectible accounts and the Organization's historical collection experience. The allowance was $26,469 and $91,168 at June 30, 2019 and 2018, respectively.

Cash and cash equivalents: The balances in certain of the Organization's cash accounts during the fiscal year have exceeded the federally insured limits from time to time. Management believes the Organization is not exposed to any significant credit risk related to cash. The Organization considers instruments with a maturity of 3 months or less to be a cash equivalent.

Investments: Investments are presented in the financial statements at fair value. Investment income, realized gains (losses), and change in unrealized gains (losses) are reflected in the consolidated statements of activities. Investments received as contributions are recorded at fair value at the date of receipt. Included in investments are cash equivalents which are intended to be held long term.

Investments are exposed to various risks such as interest rate, market and credit risks. It is reasonably possible that changes in values of investments will occur in the near term and that such changes could materially affect the amounts reported.

Note 1. Nature of Activities and Significant Accounting Policies – Continued

Property and equipment: Land, leasehold improvements, equipment and furnishings are recorded at cost. Land held for sale is recorded at the lower of its cost or fair value less costs to sell. It is the Organization's policy to capitalize property and equipment with a useful life longer than one year. Qualifying website development costs have been capitalized in accordance with accounting standards for website development costs. Depreciation is being provided on equipment and furnishings on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are being amortized over the shorter of their estimated useful lives or the terms of their leases. Estimated useful lives range from three to forty years depending on the asset classification.

Frequency rights and other intangible assets: The Organization owns various frequency rights and intangibles. All license acquisitions were approved by the Federal Communications Commission (FCC), and include WBEW (FM), WRTE (FM), WBEK (FM), WBEQ (FM), and W219CD (FM). The Organization also acquired intellectual property, which is included in other intangible assets. These licenses and intellectual property are recorded as intangible assets on the consolidated statements of financial position.

Frequency rights and other intangible assets of $1,360,513 for the years ending June 30, 2019 and 2018 are considered to have an indefinite life, and therefore, are not amortized. The value of these intangibles is assessed for impairment on an annual basis.

Interest-rate swap agreements: The Organization's interest-rate swap agreements are reported as assets or liabilities at fair value on the statement of financial position, with changes in fair value recorded in the current period change in net assets. The fair value of these agreements are the estimated amount the Organization would pay or receive to terminate the agreement, taking into account current interest rates and the current credit worthiness of the swap counterparty.

In-kind contributions and trade: The estimated fair value of business-related, in-kind contributions (principally operating space) and professional services are recorded as revenue and expense in the period that the contributions and services are received.

The estimated fair value of business-related, trade benefits, primarily the exchange of program underwriting for marketing and event services, is recorded as revenue and expense in the period that the obligation is fulfilled.

Use of estimates: In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions affecting the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income tax status: The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law, except for taxes pertaining to unrelated business income, if any.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income. The tax benefits recognized in the financial statements from such a position, if any, are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the reporting periods presented in these financial statements.

The Organization files Form 990 in the U.S. federal jurisdiction and the State of Illinois, and is generally no longer subject to examination by the Internal Revenue Service for tax years before 2016.

Note 1. Nature of Activities and Significant Accounting Policies – Continued

Adoption of new accounting pronouncements: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes the previous revenue recognition requirements in *Topic 605, Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The Organization adopted the ASU effective July 1, 2018. The Organization used the modified retrospective approach when applying these changes. As expected, the adoption of the ASU did not result in any restatement to net assets or changes in net assets.

In June 2018, the Financial Accounting Standards Board (FASB) issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The accounting guidance results in more contracts being accounted for as contributions and may delay revenue recognition for certain grants and contributions that no longer meet the definition of unconditional. The Organization adopted the ASU, effective July 1, 2018, on a modified retrospective basis. The adoption of the ASU did not result in any restatement to net assets or changes in net assets.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. This standard requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases are classified as either finance or operating leases, with the classification affecting the pattern of expense recognition in the statement of activities. Previously, leases were classified as either capital or operating leases, with only capital leases recognized on the statement of financial position. The new guidance was required to be implemented for the year ending June 30, 2020, but the Organization has chosen to early adopt with a transition date of July 1, 2017. Accordingly, the Organization has recognized the right-of-use assets and related lease liabilities for all of its leases. The Organization's leases for its operating facilities, office, equipment, and radio tower are classified as operating leases; accordingly, it recognizes a lease liability and a corresponding right-of-use asset based on the present value of the minimum lease payments. The Organization used the full retrospective approach when implementing the ASU, as well as the practical expedient package per ASC 842-10-65-1(f). To establish the initial lease liability, the leases were initially reported with a combined total future commitment, discounted for present value of $2,843,696. The right-of-use assets are amortized over the term of the leases and have a combined carrying value of $1,983,222 and $2,439,250 as of June 30, 2019 and 2018, respectively. As a result of the adoption of this standard, the financial information as of June 30, 2018 has been restated as follows: total assets and total liabilities increased by $2,439,250. There was no cumulative effect on the change in net assets.

In August 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 requires significant changes to the financial reporting model of organizations that follow the FASB not-for-profit rules. For the year ended June 30, 2019, the Organization adopted ASU 2016-14. This standard requires net assets to be classified in two categories, net assets without donor restrictions and net assets with donor restrictions, rather than the three previous classifications. This standard also requires changes in the way certain information is aggregated and reported by the Organization, including disclosures of quantitative and qualitative information about the liquidity and the availability of resources and the presentation of expenses by both functional and natural classification. The standard also clarifies the definition of management and general and prohibits certain expenses from being allocated out of the management and general classification. As a result of the adoption of this standard, the financial information for the year ended June 30, 2018 has been restated, as follows: program expenses decreased $979,726, management and general expenses increased $1,365,855, and fundraising expenses decreased $386,129 from the amounts previously reported. Additionally, net assets of $4,993,683 previously reported as temporarily restricted net assets and net assets of $1,000,000 previously

Note 1. Nature of Activities and Significant Accounting Policies – Continued

Adoption of new accounting pronouncements – continued: reported as permanently restricted net assets have been combined into net assets with donor restrictions of $5,993,683.

The new standard is effective for the Organization's fiscal year ending June 30, 2019, and thereafter, and has been applied on a retrospective basis. The Organization has adopted the change in net asset descriptions, presented enhanced disclosures related to liquidity and availability of resources, and included the statement of functional expenses as a required statement.

Functional expenses: The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

Expense Method of Allocation	
In Kind Occupancy, Services, and Trade	Headcount
Technology and Supplies	Headcount
Occupancy	Headcount
Insurance	Headcount
Financing and Other Bank and Transaction Costs	Headcount
Depreciation and Amortization	Headcount

Subsequent events: The Organization evaluated its June 30, 2019 financial statements for subsequent events through October 10, 2019, the date the financial statements were available to be issued. The Organization is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

Note 2. Pledges Receivable

The Organization receives pledges from various donors throughout the year. Donations that have yet to be received in cash are recorded as pledges receivable and revenue. Pledges receivable at June 30, 2019 and 2018, consist of the following:

Amounts due in:	2019	2018
Less than one year	$ 2,000,738	$ 1,239,302
One to five years	3,674,041	2,970,487
	5,674,779	4,209,789
Less: Present value discount	(154,563)	(130,212)
	$ 5,520,216	$ 4,079,577

Pledges Receivable are discounted at rates ranging from 0.88 to 3.47 percent as of June 30, 2019 and 2018.

Note 3. Grants Receivable

Various grants for programming and general operations, which were in effect, but had yet to be received in cash, are recorded as grants receivable and revenue. Grants receivable at June 30, 2019 and 2018 consist of amounts due for various purposes, as follows:

	2019	2018
General Operations	$ 280,685	$ 392,710
Content Journalism	925,000	465,000
	$ 1,205,685	$ 857,710

Note 4. Fair Value Measurements

The Organization follows ASC Topic 820, *Fair Value Measurements and Disclosure,* which provides the framework for measuring fair value under U.S. GAAP. This topic applies to all financial instruments that are being measured and reported on a fair value basis. As defined in the Topic, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various methods including market, income, and cost approaches. Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used on the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

> Level 1. Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 assets primarily include zero-coupon bonds, equities, money market funds, U.S. Government securities and mutual funds. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
>
> Level 2. Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities. Level 2 assets include corporate notes, government-sponsored enterprises and interest rate swaps.
>
> Level 3. Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

For the fiscal year ended June 30, 2019, the application of valuation techniques applied to similar assets and liabilities has been consistent with techniques used in the previous year.

The interest swap is valued using widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of the interest rate swap. This analysis reflects the contractual terms of the interest rate swap, including the period to maturity, and uses of observable market-based inputs, including interest rates. The fair value estimate is classified as Level 2.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the highest level of input that is significant to the fair value measurement. The Organization's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

The Organization assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer in accordance with the Organization's accounting policy regarding the recognition of transfers between levels of the fair value hierarchy. There were no such transfers for the year ended June 30, 2019.

The table below presents the balances of assets and liabilities measured at fair value as of June 30, 2019 and 2018:

Note 4. Fair Value Measurements - Continued

	June 30, 2019			
	Total	Level 1	Level 2	Level 3
Money Market Mutual Fund	$ 39,629	$ 39,629	$ -	$ -
Zero-Coupon Bonds	12,906,080	-	12,906,080	-
Marketable Equity Securites	27,365,667	27,365,667	-	-
Equity Mutual Funds	-	-	-	-
	$ 40,311,376	$ 27,405,296	$ 12,906,080	$ -
Interest Rate Swap Agreements	$ (252,050)	$ -	$ (252,050)	$ -

	June 30, 2018			
	Total	Level 1	Level 2	Level 3
Money Market	$ 156,455	$ 156,455	$ -	$ -
Zero-Coupon Bonds	11,321,860	-	11,321,860	-
Marketable Equity Securites	12,439,823	12,439,823	-	-
Equity Mutual Funds	13,226,622	13,226,622	-	-
	$ 37,144,760	$ 25,822,900	$ 11,321,860	$ -
Interest Rate Swap Agreements	$ 368,585	$ -	$ 368,585	$ -

Not included in the preceding tables is an equity investment of approximately $624,000 and $560,000 in fiscal year 2019 and 2018 respectively. The equity investment will require a future commitment of approximately $1,600,000 over the next three years.

Note 5. Property and Equipment

Station property, equipment and furnishings at June 30, 2019 and 2018 consist of:

	2019	2018
Land	$ 1,155,658	$ 1,042,791
Leasehold Improvements	17,593,265	15,729,359
Broadcast Equipment	5,557,534	5,725,756
Office Equipment	1,310,704	1,221,322
Furnishings	446,269	1,083,433
Website	1,296,669	1,144,128
Construction in Progress	3,793,763	96,797
	31,153,862	26,043,586
Accumulated Depreciation	(12,800,673)	(12,891,668)
	$ 18,353,189	$ 13,151,918

Land located in Porter County, Indiana, is the site for a radio tower. Three parcels of land are considered, by the Organization, as land held for sale. The land held for sale was valued at $639,992 on June 30, 2019 and 2018.

Depreciation expense amounted to $1,049,814 and $993,226 for the years ended June 30, 2019 and 2018, respectively.

Construction in progress includes capital expenditures for facility renovation and audio, hardware, and software upgrades.

Note 6. Line of Credit

In December 2018, the Organization amended its line of credit agreement with BMO Harris Bank, N.A., to extend its maturity date by one year, from June 28, 2019 to June 27, 2020. The Organization has the option of selecting the interest rate at LIBOR plus 1.35 percent or the prime rate plus 1 percent. The maximum borrowing amount is $1 million. The Organization did not have any borrowings on the line of credit during the 2019 and 2018 fiscal years.

Note 7. Promissory Note Payable

The Organization entered into a $2,111,108 loan agreement in June 2011 with BMO Harris Bank, N.A. that was most recently amended on December 6, 2018, with $777,754 and $944,422 outstanding at June 30, 2019 and 2018, respectively. The Organization has the option of selecting the interest rate at reserve adjusted LIBOR plus 1.35 percent or the prime rate plus 1 percent. The interest rate was 3.79 percent at June 30, 2019 (2018 - 3.60 percent), which is calculated at reserve adjusted LIBOR plus 1.35 percent for 2019, and at reserve adjusted LIBOR plus 1.50 percent for 2018. Payments of principal and interest on the loan are due monthly, with a final balloon payment due on or before December 6, 2023. Minimum principal payments by fiscal year are as follows:

2020	$	166,668
2021		166,668
2022		166,668
2023		166,668
2024		111,082
	$	777,754

Interest expense on the loan amounted to $35,010 and $30,929 for fiscal years 2019 and 2018, respectively.

Note 8. Renovation Term Loan

On December 6, 2018, the Organization entered into a 5-year term loan, 15-year amortization agreement with BMO Harris Bank, N.A., to borrow up to $7,000,000 to fund a facility renovation project. Any extension of credit in excess of $5,000,000 must be intended for project contingencies and are subject to additional bank conditions. The interest rate on the term loan is equal to the LIBOR Index Rate plus 1.35 percent. If the Organization draws against the term loan, interest payments are due through February 28, 2020, with monthly principal payments commencing on March 1, 2020, and a final balloon payment due on or before December 6, 2023. As of June 30, 2019, the Organization did not have any borrowings on the renovation term loan, but has the option to draw against the term loan until February 28, 2020.

Note 9. Revenue Bonds

Pursuant to an agreement with the Illinois Finance Authority, in October 2005 the Organization received the proceeds from the issuance of $22,000,000 of variable rate demand revenue bonds, Series 2005, whose proceeds were to finance the expansion, construction, renovation and equipping of their public radio facilities and to repay the outstanding principal amount of $7,600,000 of a 1994 bond issuance.

The Series 2005 bonds have a stated maturity in 2040; however, the bonds are subject to redemption or mandatory tender prior to maturity under terms stated in the indenture. The bonds bear interest at a rate determined weekly by the remarketing agent (Piper Jaffray, Inc., or the Bank) with interest due monthly. This rate averaged approximately 2.30 percent for the year ended June 30, 2019 (2018 - 1.88 percent). The revenue bonds are shown on the statements of financial position net of issuance costs of $184,571 and $193,246 for the years ended June 30, 2019 and 2018, respectively (amortization expense was $8,675 and $8,672 for June 30, 2019 and 2018, respectively).

Subject to certain conditions specified in the Indenture, the interest rate on the Series 2005 bonds may be converted to a fixed rate.

The Series 2005 bonds are secured by a transferable, irrevocable, direct-pay letter of credit issued by the

Note 9. Revenue Bonds - Continued

Bank with a maturity date of June 28, 2021. The Organization also has a reimbursement agreement with the Bank. The Organization is required to comply with certain financial covenants, which are monitored on both a semiannual and annual basis.

If drawn on, the Organization would be required to repay the principal and interest amounts on the earliest of the following:

i. The date on which any Bonds purchased with funds disbursed under the Letter of Credit in connection with such Liquidity Drawing are redeemed or cancelled pursuant to the Indenture;
ii. The date on which any Bonds purchased with funds disbursed under the Letter of Credit are successfully remarketed pursuant to the Indenture;
iii. The date on which the Letter of Credit is replaced by a substitute letter of credit pursuant to the terms of the Indenture and the Loan Agreement;
iv. The Termination Date; and
v. *Relating to interest only* – The regularly scheduled interest payment date for the Bonds next succeeding the date on which such Liquidity Advance was made.

Note 10. Interest Rate Swap Agreements

To hedge a portion of its exposure to interest rates on its bonds, the Organization has two interest rate swap agreements with the Bank. The notional amount of the 2011 swap agreement is for $11,000,000. On June 26, 2017, the Organization entered into a forward swap instrument with an interest rate of 1.56 percent, which is effective June 28, 2018 through July 1, 2022.

The Organization obtained an additional swap agreement on October 1, 2012, with a notional amount for $11,000,000. The Organization entered into a forward swap instrument on June 26, 2017, which is effective October 2, 2017 through July 1, 2022, with an interest rate of 1.46 percent. Interest expense (including letter of credit and remarketing fees) amounted to $500,606 and $645,728 in fiscal years 2019 and 2018, respectively.

The fair value of the swaps for the fiscal years 2019 and 2018 changed due to unrealized (losses) and gains of ($620,635) and $584,963, respectively.

Note 11. Lease Obligations

The Organization is obligated under non-cancelable operating leases for certain spaces and transmission facilities through 2025.

Total rent expense under these leases (excluding the Navy Pier rental, see below), was $646,396 and $496,783 for the years ended June 30, 2019 and 2018, respectively. Annual future minimum rent payments by fiscal year are as follows:

2020	$ 494,902
2021	436,827
2022	396,578
2023	372,810
2024	360,705
Thereafter	88,380
	$ 2,150,203
Less: Present value discount	(166,981)
	$ 1,983,222

The Organization’s right-of-use assets relate entirely to the leases described above and are classified as operating leases. The right-of-use asset and related lease liability have been calculated using the incremental borrowing rate, ranging from 3.21 percent to 4.62 percent depending on the lease. The statement of financial position for June 30, 2018 has been restated to incorporate these lease commitments.

Note 11. Lease Obligations - Continued

The Organization occupies its primary operating space under a long-term lease with Navy Pier, Inc., pursuant to which the Organization rents three-dimensional air space above Festival Hall on Navy Pier in Chicago, as well as certain supplemental space. The lease expiration date is in 2095.

In lieu of cash rent under the lease, the Organization is obligated to provide certain specified broadcast acknowledgments and promotional services (Base Rent) each day which will identify that the Organization is broadcasting from Navy Pier and promotes events and activities occurring at Navy Pier. In the event the Organization is unable or fails to render these forms of Base Rent, the Base Rent required to be paid under the lease will be the fair market rental value of the premises, which shall be determined in accordance with procedures set forth in the lease. The Organization is not responsible under the lease for any share of the costs of repairing or maintaining the common areas of Navy Pier. Management has determined the fair value of this lease to be, and has recorded in-kind contribution revenue and rental expense of equal amounts at $1,480,710 and $1,308,393 for the years ended June 30, 2019 and 2018, respectively.

Note 12. Restricted Net Assets

Net assets with donor restrictions were available for the following uses:

	2019	2018
Time Restrictions	$ 5,918,058	$ 3,328,588
Purpose Restrictions		
Content Journalism	17,241	-
Digital Archiving	47,882	95
Digital Expansion	293,720	-
Time and Purpose Restrictions		
Content Journalism	2,425,000	2,465,000
Internship Program	68,666	-
Capital Campaign	100,000	200,000
	$ 8,870,567	$ 5,993,683

Net assets released from donor restrictions were as follows:

	2019	2018
Time Restrictions	$ 1,645,469	$ 1,428,020
Content Journalism	1,607,219	1,370,000
Digital Archiving	205,400	330,000
Digital Expansion	-	71,091
Internship Program	34,333	192,470
IL Giving Tuesday	-	15,000
Community Service Grant	349,708	339,091
Capital Campaign	100,000	100,000
	$ 3,942,130	$ 3,845,672

Note 13. Donor-Restricted and Board-Restricted Endowments

The Organization's endowment, created in late fiscal year 2018, includes donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Note 13. Donor-Restricted and Board-Restricted Endowments - Continued

Interpretation of Relevant Law: The Organization is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and thus, classifies amounts in its donor-restricted endowment fund as net assets with donor restrictions because those net assets are time-restricted until the board of directors appropriates such amounts for expenses. Most of those net assets are also subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of directors of the Organization has interpreted the SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless the donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment fund, the Organization considers the fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund, and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the Organization and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Organization; and
- The Investment Policies of the Organization.

Endowment Net Asset Composition
As of June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ -	$ 1,000,000	$ 1,000,000
Accumulated Investment Gains/Losses & Income	-	47,881	47,881
Total Funds	$ -	$ 1,047,881	$ 1,047,881

Changes in Endowment Net Assets for the Fiscal Year Ending
As of June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	$ -	$ 1,000,095	$ 1,000,095
Unrealized Investment Loss	-	(70,351)	(70,351)
Realized Investment Gain		89,310	89,310
Investment Income	-	28,828	28,828
Contributions	-	-	-
Other Changes	-	-	-
Endowment Net Assets - End of Year	$ -	$ 1,047,881	$ 1,047,881

Note 13. Donor-Restricted and Board-Restricted Endowments - Continued

Endowment Net Asset Composition
As of June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restriced endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ -	$ 1,000,000	$ 1,000,000
Accumulated Investment Gains/Losses & Income	-	95	95
Total Funds	$ -	$ 1,000,095	$ 1,000,095

Changes in Endowment Net Assets for the Fiscal Year Ending
As of June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	$ -	$ -	$ -
Investment Income	-	95	95
Contributions	-	1,000,000	1,000,000
Endowment Net Assets - End of Year	$ -	$ 1,000,095	$ 1,000,095

Return Objectives and Risk Parameters: The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to achieve a return of 5.00 percent net of inflation and investment expenses. The secondary investment objective is to earn a total return, net of expenses, at least equal to the portfolio's composite benchmark as defined in its investment policy statement. Actual returns in any given year may vary from this amount. The endowment fund was established in late fiscal year 2018, and as such, the investment returns have not yet achieved the return objective.

Strategies Employed for Achieving Objectives: To satisfy its long-term rate-of-return objectives, the Organization 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). The Organization 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.

Spending Policy: The Organization has a policy of appropriating for distribution each year no greater than 5.00 percent of its endowment fund’s fair value determined on a rolling twelve quarter average with the fair value determined as of the last business day of each quarter. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to preserve the principal in perpetuity. This is consistent with the Organization’s objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term.

Funds with Deficiencies: 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 SPMIFA requires the Organization to retain as a fund of perpetual duration. As of June 30, 2019 and 2018, there were no such deficiencies.

Note 14. Corporation for Public Broadcasting Grants

Each year, the Organization receives a Community Service Grant from the Corporation for Public Broadcasting (CPB). This amount represents the Organization's share of an annual appropriation made by Congress for public broadcasting. The CPB Community Service Grant (CSG) received by the Organization and recorded as revenue on the consolidated statement of activities for the years ended June 30, 2019 and 2018 was as follows:

	2019	2018
Corporation for Public Broadcasting - Community Service Grant	$ 1,318,158	$ 1,292,760

The CPB allocates a portion of its funds annually to public broadcasting entities, primarily based on non-federal financial support (NFFS). NFFS is defined as the total value of cash and the fair market value of property and services received as either a contribution or a payment and meeting all of the respective criteria for each. Each fiscal year, NFFS is calculated and reported to the CPB based on the prior fiscal year's activity, and is used to determine the Organization's program eligibility and CSG amount for the following fiscal year.

A contribution is cash, property, or services given to a public broadcasting entity for general operating purposes. Support received as a contribution by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source may be any entity except the federal government or any other public broadcasting entity; (2) the contribution may take the form of a gift, grant, bequest, donation, or appropriation; (3) the purpose must be for the construction or operation of a non-commercial, educational public broadcasting station or for the production, acquisition, distribution, or dissemination of educational television or radio programming and related activities; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcasting station. However, all capital contributions received for purposes of acquiring new equipment or upgrading existing or building new facilities, regardless of the source or the form of the contribution, are not included in calculating NFFS. This exclusion includes all revenue received for any capital purchases.

A payment is cash, property, or services received by a public broadcasting entity from specific sources in exchange for specific services or materials. Support received as a payment by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source must be a state, any agency or political subdivision of a state, an educational institution or organization, or a nonprofit entity; (2) the form of the payment must be appropriations or contract payments in exchange for specific services or materials; (3) the purpose must be for any related activity of the public broadcasting station; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcasting station. Calculated in accordance with the CPB guidelines, the Organization reported the 2018 fiscal year's total NFFS at $31,662,499 in accordance with the CPB's 2019 reporting requirements and reported the 2017 fiscal year's total NFFS at $24,178,120 in accordance with the CPB's 2018 reporting requirements. The reported NFFS amounts for the 2018 and 2017 fiscal years are used to determine the Organization's CSG amounts for the 2020 and 2019 fiscal years, respectively.

Note 15. Employee Benefit Plan

The Organization maintains the Chicago Public Media, Inc. Tax-Deferred Annuity Plan (Plan), which is exempt from income taxes under Internal Revenue Code Section 403(b), for the benefit of eligible employees. The Organization matches one hundred percent of employee contributions up to four percent of the employee's compensation.

Employees can participate in the Plan immediately, but they must have one year of service and be at least 21 years of age before they are eligible to receive matching contributions. Participants in the Plan are immediately vested in both their contributions and the matching contributions.

Matching contributions totaled $327,995 and $277,276 for the years ended June 30, 2019 and 2018, respectively.

Note 16. Liquidity/Availability Note

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

	2019	2018
Financial Assets		
Cash and Cash Equivalents	$ 6,311,399	$ 8,410,649
Investments	40,311,376	37,144,760
Other receivables, net	1,616,962	1,537,882
Pledges receivable, net	5,520,216	4,079,577
Grants receivable, net	1,205,685	857,710
Total financial assets at year end	$ 54,965,638	$ 52,030,578
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donors with time or purpose restrictions - pledges and grants collectible in one to five years	(5,078,811)	(4,130,275)
Investments liquid in one to five years	(12,906,917)	(11,321,860)
Donor restricted endowment funds	(1,047,881)	(1,000,095)
Financial assets available to meet cash needs for general expenditures within one year	$ 48,838,946	$ 46,900,208

The Organization is partially supported by restricted contributions. Because donors' restrictions require that resources be used for a particular purpose or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to donors. Therefore, certain financial assets may not be available for general expenditure within one year. As part of its liquidity management, the Organization has structured its financial assets to be available as its general expenses, liabilities, and other obligations come due. In the event of an unanticipated liquidity need, the Organization can draw upon its $1,000,000 line of credit, as described in Note 6.