FY2020

Chicago Public Media, Inc.

CONSOLIDATED FINANCIAL REPORT

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

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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, 2020 and 2019 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, 2020 and 2019 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

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. Further information regarding the affect of this pandemic is disclosed in Note 1 to the consolidated financial statements. Our opinion is not modified with respect to this matter.

Plante & Moran, PLLC

October 13, 2020

Consolidated Statements of Financial Position

June 30, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	$10,630,259	$ 6,311,399
Pledges receivable, net of discount	4,574,639	5,520,216
Grants receivable	394,135	1,205,685
Underwriting and other receivables, net of allowance	1,282,975	1,616,962
Prepaid expenses	374,267	425,775
Investments	45,771,475	40,935,359
Property and equipment, net	20,021,606	18,353,189
Right-of-use asset	1,923,117	1,983,222
Frequency rights and other intangible assets	1,360,513	1,360,513
Total Assets	**$86,332,986**	**$77,712,320**
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 1,143,105	$ 923,042
Accrued expenses	2,036,769	3,400,189
Operating lease liability	1,923,117	1,983,222
Deferred revenue	68,368	46,687
Promissory note payable	5,499,975	777,754
Paycheck Protection Program term loan	2,847,000	-
Revenue bonds payable, net of issuance costs	21,824,114	21,815,429
Liability under swap agreement	619,974	252,050
Total Liabilities	35,962,422	29,198,373
Net assets		
Net assets without donor restrictions	43,276,174	39,643,380
Net assets with donor restrictions	7,094,390	8,870,567
Total net assets	50,370,564	48,513,947
Total Liabilities and Net Assets	**$86,332,986**	**$77,712,320**

See notes to the consolidated financial statements.

Consolidated Statements of Activities

Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues						
Membership contributions	$ 12,832,692	$ -	$ 12,832,692	$ 11,960,804	$ -	$ 11,960,804
Corporation for Public Broadcasting - Community Service Grant	1,280,570	438,470	1,719,040	968,450	349,708	1,318,158
Contributions and other grants	2,092,740	2,779,434	4,872,174	1,958,961	6,469,307	8,428,268
Program underwriting	5,269,900	-	5,269,900	7,016,988	-	7,016,988
In-kind services and contributions	1,597,232	-	1,597,232	1,995,261	-	1,995,261
Special events (net of expenses of $433,059 and $617,014 respectively)	1,016,820	-	1,016,820	922,881	-	922,881
Production, rental, and other revenue	2,162,975	-	2,162,975	2,545,592	-	2,545,592
Total operating revenue	**26,252,929**	**3,217,904**	**29,470,833**	**27,368,937**	**6,819,014**	**34,187,951**
Net assets released from restrictions	4,994,081	(4,994,081)	-	3,942,130	(3,942,130)	-
Total operating revenues, including restricted and released revenues	**31,247,010**	**(1,776,177)**	**29,470,833**	**31,311,067**	**2,876,884**	**34,187,951**
Operating expenses						
Program services						
Content creation	13,887,995	-	13,887,995	12,652,496	-	12,652,496
Content distribution	3,093,704	-	3,093,704	3,018,797	-	3,018,797
Community and audience engagement	3,658,371	-	3,658,371	4,014,858	-	4,014,858
Total program services	**20,640,070**	**-**	**20,640,070**	**19,686,151**	**-**	**19,686,151**
Supporting services						
Management and General	3,657,423	-	3,657,423	3,829,973	-	3,829,973
Fundraising	6,784,672	-	6,784,672	6,977,408	-	6,977,408
Total supporting services	**10,442,095**	**-**	**10,442,095**	**10,807,381**	**-**	**10,807,381**
Total Operating expenses	**31,082,165**	**-**	**31,082,165**	**30,493,532**	**-**	**30,493,532**
Increase (decrease) in net assets from operations	**164,845**	**(1,776,177)**	**(1,611,332)**	**817,535**	**2,876,884**	**3,694,419**
Nonoperating activities						
Investment income, net of investment fees	3,835,727	-	3,835,727	2,833,127	-	2,833,127
Change in value of interest rate swap agreements	(367,924)	-	(367,924)	(620,635)	-	(620,635)
Gain on disposal of assets	146	-	146	12,655	-	12,655
Total nonoperating activities	**3,467,949**	**-**	**3,467,949**	**2,225,147**	**-**	**2,225,147**
Increase (decrease) in net assets	**3,632,794**	**(1,776,177)**	**1,856,617**	**3,042,682**	**2,876,884**	**5,919,566**
Net assets						
Beginning of Year	39,643,380	8,870,567	48,513,947	36,600,698	5,993,683	42,594,381
End of Year	**$ 43,276,174**	**$ 7,094,390**	**$ 50,370,564**	**$ 39,643,380**	**$ 8,870,567**	**$ 48,513,947**

See notes to the consolidated financial statements.

Consolidated Statements of Functional Expenses

Year Ended June 30, 2020

	Program Services				Supporting Services			
	Content Creation	Content Distribution	Community and Audience Engagement	Total	Management and General	Fundraising	Total	2020
Salaries and Benefits	9,037,199	1,328,676	2,202,073	12,567,948	2,184,203	2,586,684	4,770,887	17,338,835
Programming and Production Costs	2,018,781	316,760	-	2,335,541	-	-	-	2,335,541
Membership Services	-	-	39,356	39,356	-	903,812	903,812	943,168
Marketing and Public Relations	6,065	-	662,790	668,855	-	55,156	55,156	724,011
Consulting, Freelance, and Professional Fees	268,388	73,796	191,870	534,054	662,059	1,832,483	2,494,542	3,028,596
Travel and Training	114,621	9,468	4,346	128,435	48,214	25,604	73,818	202,253
In Kind Occupancy, Services, and Trade	993,685	94,458	99,345	1,187,488	179,493	242,498	421,991	1,609,479
Technology and Supplies	122,245	348,992	280,418	751,655	149,084	182,636	331,720	1,083,375
Dues and Subscriptions	18,541	117,072	131	135,744	54,321	20,873	75,194	210,938
Occupancy	220,383	199,067	32,796	452,246	63,531	78,760	142,291	594,537
Insurance	96,829	11,545	12,143	120,517	19,049	29,640	48,689	169,206
Miscellaneous	247	605	1,291	2,143	16,717	22,551	39,268	41,411
Financing and Other Bank and Transaction Costs	289,362	53,211	48,697	391,270	106,433	601,094	707,527	1,098,797
Depreciation and Amortization	701,649	540,054	83,115	1,324,818	174,319	202,881	377,200	1,702,018
Total Expenses	**$ 13,887,995**	**$ 3,093,704**	**$ 3,658,371**	**$ 20,640,070**	**$ 3,657,423**	**$ 6,784,672**	**$ 10,442,095**	**$ 31,082,165**

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 Cash Flows

Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Increase in net assets	$ 1,856,617	$ 5,919,566
Adjustments to reconcile increase in net assets to net cash used in operating activities		
Depreciation and amortization	1,702,018	1,058,489
Change in right of use asset	60,105	456,028
Gain on asset disposal	(146)	(12,655)
Net realized and unrealized gain on investments	(3,997,047)	(2,458,254)
Change in value of interest rate swap agreements	367,924	620,635
Changes in:		
Pledges receivable	945,576	(1,440,639)
Grants receivable	811,550	(347,975)
Underwriting and other receivables	333,987	(79,080)
Prepaid expenses	51,508	(201,541)
Accounts payable	220,063	505,099
Accrued expenses	(1,363,421)	1,731,356
Operating lease liability	(60,105)	(456,028)
Deferred revenue	21,684	(216,559)
Net cash and cash equivalents provided by operating activities	**950,313**	**5,078,442**
Cash flows from investing activities		
Capital expenditures	(3,361,605)	(6,238,428)
Purchases of investments	(10,112,675)	(55,064,429)
Sales of investments	9,273,606	54,291,835
Net cash and cash equivalents used in investing	**(4,200,674)**	**(7,011,022)**
Cash flows from financing activities		
Proceeds from promissory note payable	5,000,000	-
Proceeds from Paycheck Protection Program term loan	2,847,000	-
Principal payments on promissory note payable	(277,779)	(166,668)
Net cash and cash equivalents provided by (used in) financing activities	**7,569,221**	**(166,668)**
Increase (decrease) in cash and cash equivalents	**4,318,860**	**(2,099,248)**
Cash and cash equivalents		
Beginning of year	6,311,399	8,410,649
End of year	**$ 10,630,259**	**$ 6,311,399**
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 585,248	$ 533,031
Operating lease obligations entered into	115,375	190,379
Property and equipment additions included in accounts payable and accrued expenses	-	1,742,387

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, smart speakers, mobile apps and podcasts; and in live events that generate conversations across communities. 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). Conditional promises to give (those with a measurable performance or other barrier and a right of return or release) are not recognized until the conditions on which they depend have been met.

The Organization receives a share of net revenues for two programs 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. Effective July 2020, the Organization will only receive a share of net revenue from one program.

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 FY20 and FY19 was $6,109,974 and $8,357,644, 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:

Program Underwriting:

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.

Special Events:

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.

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

Summary of Performance Obligations - continued:

E-commerce Sales:

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.

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*. The Organization will no longer earn carriage fees for *Sound Opinions* after August 2020.

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. Studio rental revenue is 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, 2020 and 2019. 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 $21,429 and $26,469 on June 30, 2020 and 2019, 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.

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

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.

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 recorded 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, 2020 and 2019 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

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

Income tax status – continued: 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 2017.

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 by headcount include the following:

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

Subsequent events: The Organization evaluated its June 30, 2020 financial statements for subsequent events through October 13, 2020, the date the financial statements were available to be issued. On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus as a “pandemic.” First identified in late 2019 and known now as COVID-19, the outbreak has impacted millions of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that has impacted global business operations. As of the date of the issuance of the financial statements, the Organization has transitioned most of its employees to a virtual work environment, implemented new technology platforms to shift face-to-face interactions to virtual meetings, and procured the Payment Protection Program (PPP) term loan, as described in Note 9.

The Organization’s operations are heavily dependent on private and public contributions from individuals, foundations, and corporations. The outbreak may continue to have a materially adverse impact on economic and market conditions, triggering a period of economic slowdown. This situation may depress member and corporate contributions during fiscal year 2021. Additionally, access to grants from federal and state governments may decrease or may not be available, depending on appropriations. As the pandemic continues, the Organization’s results of operations, cash flows, investment portfolio, and financial condition could be adversely impacted, however, the extent of the impact cannot be reasonably estimated at this time.

No impairments were recorded as of the balance sheet date; however, due to the significant uncertainty surrounding the situation, management’s judgment regarding this could change in the future. The Organization continues to monitor the situation.

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 on June 30, 2020 and 2019, consist of the following:

Amounts due in:	2020	2019
Less than one year	$ 1,861,886	$ 2,000,738
One to five years	2,789,899	3,674,041
	4,651,785	5,674,779
Less: Present value discount	(77,146)	(154,563)
	$ 4,574,639	$ 5,520,216

Note 2. Pledges Receivable - Continued

Pledges Receivable are discounted at rates ranging from 0.19 to 2.87 percent as of June 30, 2020 and 2019.

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 on June 30, 2020 and 2019 consist of amounts due for various purposes, as follows:

	2020	2019
General Operations	$ -	$ 280,685
Content Journalism	394,135	925,000
	$ 394,135	$ 1,205,685

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 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, 2020, 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

Note 4. Fair Value Measurements - Continued

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, 2020.

The table below presents the balances of assets and liabilities measured at fair value as of June 30, 2020 and 2019:

	June 30, 2020			
	Total	Level 1	Level 2	Level 3
Zero-Coupon Bonds	$ 16,762,460	$ -	$ 16,762,460	$ -
Marketable Equity Securities	28,031,037	28,031,037		-
Equity Mutual Funds	10,368	10,368		-
	$ 44,803,865	$ 28,041,405	$ 16,762,460	$ -
Interest Rate Swap Agreements	$ (619,974)		$ (619,974)	

	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 Securities	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)	$ -

Not included in the preceding tables is an equity investment of approximately $968,000 and $624,000 in fiscal years 2020 and 2019, respectively. The equity investment will require a future commitment of approximately $783,000 over the next two years.

Note 5. Property and Equipment

Station property, equipment and furnishings on June 30, 2020 and 2019 consist of:

	2020	2019
Land	$ 1,155,658	$ 1,155,658
Leasehold Improvements	22,983,211	17,593,265
Broadcast Equipment	5,698,338	5,557,534
Office Equipment	1,542,204	1,310,704
Furnishings	1,285,164	446,269
Website	1,681,793	1,296,669
Construction in Progress	6,375	3,793,763
	34,352,743	31,153,862
Accumulated Depreciation	(14,331,137)	(12,800,673)
	$ 20,021,606	$ 18,353,189

Note 5. Property and Equipment - Continued

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, 2020 and 2019.

Depreciation expense amounted to $1,693,333 and $1,049,814 for the years ended June 30, 2020 and 2019, respectively.

Note 6. Line of Credit

In April 2020, the Organization amended its line of credit agreement with BMO Harris Bank, N.A., to extend its maturity date by one year, from June 27, 2020 to July 15, 2021. 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 $2 million. The Organization did not have any borrowings on the line of credit during the 2020 and 2019 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., which was most recently amended on April 10, 2020, with $611,086 and $777,754 outstanding on June 30, 2020 and 2019, 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 1.53 percent on June 30, 2020 (2019 - 3.79 percent), which is calculated at reserve adjusted LIBOR plus 1.35 percent for 2020 and 2019. 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:

2021	$ 166,668
2022	166,668
2023	166,668
2024	111,082
	$ 611,086

Interest expense on the loan amounted to $20,728 and $32,425 for fiscal years 2020 and 2019, respectively.

Note 8. Renovation Term Loan

On December 6, 2018, the Organization entered 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 that was most recently amended on April 10, 2020. Any extension of credit exceeding $5,000,000 was to be used for project contingencies and was subject to additional bank conditions. The interest rate on the term loan is equal to the LIBOR Index Rate plus 1.35 percent. The interest rate was 1.53 percent on June 30, 2020. The Organization drew $5,000,000 against the term loan agreement in 2020, with interest payments beginning on November 1, 2019, monthly principal payments beginning on March 1, 2020, and a final balloon payment due on or before December 6, 2023. The outstanding principal amount of the renovation term loan was $4,888,889 on June 30, 2020. Minimum principal payments by fiscal year are as follows:

2021	$ 333,333
2022	333,333
2023	333,333
2024	3,888,890
	$ 4,888,889

Interest expense on the loan amounted to $59,737 for fiscal year 2020.

Note 9. Paycheck Protection Program Term Loan

On April 13, 2020, the Organization received a Paycheck Protection Program (PPP) term note through BMO Harris Bank, N.A. of $2,847,000, with an interest rate of 1.00 percent. The note was issued pursuant to the Coronavirus Aid, Relief, and Economic Security (CARES) Act PPP. The note structure required Organization officials to certify certain statements that permitted the Organization to qualify for the loan and provides loan forgiveness for a portion or all of the borrowed amount if the Organization uses the loan proceeds for the permitted loan purposes described in the note agreement, the portion not forgiven will be required to be paid back by the Organization in full on or before April 13, 2022, with monthly principal and interest payments beginning November 2020. The Organization has the right to prepay up to 20 percent of the unpaid principal balance at any time without penalty. This loan helped the Organization fund payroll and benefits. Minimum principal payments by fiscal year are as follows:

2021	$ 1,265,333
2022	1,581,667
	$ 2,847,000

Interest expense on the loan amounted to $5,772 for fiscal year 2020.

Note 10. 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 Sandler, Inc. or the Bank) with interest due monthly. This rate averaged approximately 1.91 percent for the year ended June 30, 2020 (2019 – 2.30 percent). The revenue bonds are shown on the statements of financial position net of issuance costs of $175,886 and $184,571 for the years ended June 30, 2020 and 2019, respectively (amortization expense was $8,685 and $8,675 for June 30, 2020 and 2019, 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 Bank with a maturity date of July 15, 2023. 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 11. 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 $499,010 and $500,606 in fiscal years 2020 and 2019, respectively.

The fair value of the swaps for the fiscal years 2020 and 2019 changed due to unrealized losses of $367,924 and $620,635, respectively.

Note 12. 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 $547,488 and $646,396 for the years ended June 30, 2020 and 2019, respectively. Annual future minimum rent payments by fiscal year are as follows:

2021	$	509,804
2022		474,140
2023		443,434
2024		433,031
2025		162,484
Thereafter		43,791
	$	2,066,684
Less: Present value discount		(143,567)
	$	1,923,117

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 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 for the years ended June 30, 2020 and 2019, respectively.

Note 13. Restricted Net Assets

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

	2020	2019
Time Restrictions	$ 4,536,700	$ 4,918,058
Purpose Restrictions		
Content Journalism	-	17,241
Digital Archiving	79,662	47,882
Digital Expansion	50,000	293,720
Time and Purpose Restrictions		
Content Journalism	1,393,695	2,425,000
Internship Program	34,333	68,666
Capital Campaign	-	100,000
Endowment held for perpetuity	1,000,000	1,000,000
	$ 7,094,390	$ 8,870,567

Net assets released from donor restrictions were as follows:

	2020	2019
Time Restrictions	$ 2,456,801	$ 1,645,469
Content Journalism	1,529,745	1,607,219
Digital Archiving	66,016	205,400
Digital Expansion	343,720	-
Internship Program	34,333	34,333
Donor Matching	25,000	-
Community Service Grant	438,466	349,708
Capital Campaign	100,000	100,000
	$ 4,994,081	$ 3,942,130

Note 14. Donor-Restricted and Board-Restricted Endowments

The Organization's endowment 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.

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:

Note 14. Donor-Restricted and Board-Restricted Endowments - Continued

- 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, 2020

	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
Withdrawals/Releases	-	(41,016)	(41,016)
Accumulated Investment Gains/Losses & Income	-	118,270	118,270
Total Funds	$ -	$ 1,077,254	$ 1,077,254

Changes in Endowment Net Assets for the Fiscal Year Ending
As of June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	$ -	$ 1,047,881	$ 1,047,881
Unrealized Investment Gain	-	100,261	100,261
Realized Investment Loss	-	(27,464)	(27,464)
Investment Fees	-	(2,408)	(2,408)
Withdrawals/Releases	-	(41,016)	(41,016)
Endowment Net Assets - End of Year	$ -	$ 1,077,254	$ 1,077,254

Endowment Net Asset Composition
As of June 30, 2019

	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	-	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
Endowment Net Assets - End of Year	$ -	$ 1,047,881	$ 1,047,881

Note 14. Donor-Restricted and Board-Restricted Endowments - Continued

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.

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, 2020, and 2019, there were no such deficiencies.

Note 15. 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. In 2020, Congress also appropriated $75 million of emergency stabilization funds for public media to the CPB as part of the CARES Act, of which, $75,000 was distributed to the Organization. The CPB Community Service Grant (CSG) and emergency stabilization funding received by the Organization and recorded as revenue on the consolidated statement of activities for the years ended June 30, 2020 and 2019 was as follows:

	2020	2019
Corporation for Public Broadcasting - Community Service Grant	$ 1,644,040	$ 1,318,158
Corporation for Public Broadcasting - Emergency Stabilization Funding	75,000	-
	$ 1,719,040	$ 1,318,158

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

Note 15. Corporation for Public Broadcasting Grants – Continued

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 2019 fiscal year's total NFFS at $32,554,871 in accordance with the CPB's 2020 reporting requirements and reported the 2018 fiscal year's total NFFS at $31,662,499 in accordance with the CPB's 2019 reporting requirements. The reported NFFS amounts for the 2019 and 2018 fiscal years are used to determine the Organization's CSG amounts for the 2021 and 2020 fiscal years, respectively.

Note 16. 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 provides a discretionary one hundred percent match 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 $352,682 and $327,995 for the years ended June 30, 2020 and 2019, respectively.

Note 17. 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.

	2020	2019
Financial assets		
Cash and Cash Equivalents	$ 10,630,259	$ 6,311,399
Investments	44,803,865	40,311,376
Other receivables, net	1,282,975	1,616,962
Pledges receivable, net	4,574,639	5,520,216
Grants receivable, net	394,135	1,205,685
Total finanical assets at year-end	$ 61,685,873	$ 54,965,638

Note 17. Liquidity/Availability Note – Continued

Less those financial assets 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		(3,765,762)		(5,078,811)
Investments liquid in one to five years		(16,762,465)		(12,906,917)
Donor-restricted endowment funds		(1,077,254)		(1,047,881)
Total unavailable financial assets at year-end	$	(21,605,481)	$	(19,033,609)
Financial assets available to meet cash needs for general expenditures within one year	$	40,080,392	$	35,932,029

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 $2,000,000 line of credit, as described in Note 6.