Michiana Public Broadcasting Corporation

Financial Report

September 30, 2019

Contents

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Independent Auditor's Report

To the Board of Directors
Michiana Public Broadcasting Corporation

We have audited the accompanying financial statements of Michiana Public Broadcasting Corporation (the "Corporation"), which comprise the statement of financial position as of September 30, 2019 and 2018 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Michiana Public Broadcasting Corporation as of September 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 2 to the financial statements, the Corporation adopted the provisions of the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, for the year ended September 30, 2019. Our opinion is not modified with respect to this matter.

Plante & Moran, PLLC

November 18, 2019

Statement of Financial Position

September 30, 2019 and 2018

	2019	2018
Assets		
Cash	$ 66,199	$ 20,187
Underwriting receivable - Less allowance of doubtful receivables of $5,660 in 2019 and 2018	81,024	66,026
Grants and other receivables - Less allowance for doubtful receivables of $5,602 in 2019 and $6,520 in 2018	284,173	248,255
Program contract rights	474,547	481,315
Other assets	58,202	61,823
Property and equipment - Net (Note 4)	5,716,637	5,544,694
Total assets	**$ 6,680,782**	**$ 6,422,300**
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 147,330	$ 108,829
Bank line of credit (Note 5)	244,981	174,981
Deferred revenue	111,354	170,461
Accrued compensation	76,407	73,825
Program contract rights payable	622,470	639,853
Deferred gain on sale-leaseback transaction (Note 6)	477,212	511,097
Capital lease obligation (Note 6)	1,274,856	1,319,132
Total liabilities	2,954,610	2,998,178
Net Assets		
Without donor restrictions	3,726,172	3,409,122
With donor restrictions	-	15,000
Total net assets	3,726,172	3,424,122
Total liabilities and net assets	**$ 6,680,782**	**$ 6,422,300**

See notes to financial statements.

Statement of Activities and Changes in Net Assets

Years Ended September 30, 2019 and 2018

	2019	2018
Changes in Net Assets without Donor Restrictions		
Revenue and support:		
Contributions and support, including in-kind contributions of $0 and $27,790 in 2019 and 2018, respectively	$ 148,038	$ 142,045
Contributions and support for 24/7 PBS Kids Channel	658,150	-
Corporation for Public Broadcasting grants (Note 3)	834,492	811,389
State grants	438,602	425,443
Federal Communications Commission grants (Note 4)	234,041	3,474
Member income	971,697	958,406
Program underwriting, including in-kind revenue of $270,306 and $220,266 in 2019 and 2018, respectively	1,086,464	1,036,054
Other income	184,788	195,900
Total revenue and support	4,556,272	3,572,711
Net assets released from restrictions	15,000	-
Total revenue, support, and net assets released from restrictions	4,571,272	3,572,711
Expenses:		
Program services:		
Production and broadcasting	1,492,592	1,605,565
Programming and education	859,107	781,546
Promotion	195,158	213,978
Total program services	2,546,857	2,601,089
Support services:		
Management and general	716,953	719,752
Memberships and development	1,024,297	976,719
Total support services	1,741,250	1,696,471
Total expenses	4,288,107	4,297,560
Gain (Loss) from Operating Activities	283,165	(724,849)
Other Items - Amortization of deferred gain	33,885	33,885
Increase (Decrease) in Net Assets without Donor Restrictions	317,050	(690,964)
Changes in Net Assets with Donor Restrictions		
Contributions for 24/7 PBS Kids Channel	-	15,000
Net assets released from restrictions	(15,000)	-
(Decrease) Increase in Net Assets with Donor Restrictions	(15,000)	15,000
Increase (Decrease) in Net Assets	302,050	(675,964)
Net Assets - Beginning of year	3,424,122	4,100,086
Net Assets - End of year	**$ 3,726,172**	**$ 3,424,122**

See notes to financial statements.

Statement of Functional Expenses

Year Ended September 30, 2019

	Program Services				Support Services			
	Production and Broadcasting	Programming and Education	Promotion	Total Program Services	Management and General	Memberships and Development	Total Support Services	Total
Salaries	$ 537,898	$ 53,526	$ 91,678	$ 683,102	$ 198,819	$ 361,193	$ 560,012	$ 1,243,114
Employee benefits	46,348	5,582	5,085	57,015	5,522	22,333	27,855	84,870
Retirement	9,821	744	1,799	12,364	2,153	5,356	7,509	19,873
Payroll taxes	38,230	3,714	6,721	48,665	14,622	26,148	40,770	89,435
Total salaries and related expenses	632,297	63,566	105,283	801,146	221,116	415,030	636,146	1,437,292
PBS programming	-	616,225	-	616,225	-	-	-	616,225
Other programming	-	23,734	-	23,734	-	48,065	48,065	71,799
Dues and subscriptions	1,745	-	-	1,745	58,702	-	58,702	60,447
Telephone and utilities	57,926	2,591	560	61,077	61,448	4,300	65,748	126,825
Materials and supplies	8,412	10,629	1,057	20,098	4,297	8,676	12,973	33,071
Printing and publications	96	35,946	42,830	78,872	-	24,259	24,259	103,131
Advertising, marketing, and development	41,794	38,442	577	80,813	-	276,531	276,531	357,344
Postage and shipping	6,182	-	-	6,182	8,747	18,312	27,059	33,241
Travel and conference	2,156	-	8,194	10,350	10,131	15,268	25,399	35,749
Repairs and maintenance	57,534	177	-	57,711	-	-	-	57,711
Insurance	-	-	-	-	35,376	-	35,376	35,376
Interest and bank charges	-	-	-	-	86,178	24,354	110,532	110,532
Depreciation and amortization	542,266	13,112	-	555,378	60,203	10,034	70,237	625,615
Contract services	138,743	46,157	36,657	221,557	168,738	85,882	254,620	476,177
Bad debt	-	-	-	-	-	69,201	69,201	69,201
Miscellaneous	3,441	8,528	-	11,969	2,017	24,385	26,402	38,371
Total functional expenses	**$ 1,492,592**	**$ 859,107**	**$ 195,158**	**$ 2,546,857**	**$ 716,953**	**$ 1,024,297**	**$ 1,741,250**	**$ 4,288,107**

See notes to financial statements.

Statement of Functional Expenses

Year Ended September 30, 2018

	Program Services				Support Services			
	Production and Broadcasting	Programming and Education	Promotion	Total Program Services	Management and General	Memberships and Development	Total Support Services	Total
Salaries	$ 544,192	$ 52,687	$ 54,861	$ 651,740	$ 191,633	$ 402,884	$ 594,517	$ 1,246,257
Employee benefits	30,548	6,239	9,313	46,100	17,721	17,082	34,803	80,903
Retirement	7,707	723	-	8,430	349	8,644	8,993	17,423
Payroll taxes	36,578	3,713	3,871	44,162	14,288	31,966	46,254	90,416
Total salaries and related expenses	619,025	63,362	68,045	750,432	223,991	460,576	684,567	1,434,999
PBS programming	-	616,117	-	616,117	-	-	-	616,117
Other programming	-	31,845	-	31,845	-	52,729	52,729	84,574
Dues and subscriptions	1,585	-	-	1,585	70,896	-	70,896	72,481
Telephone and utilities	153,723	225	99	154,047	11,186	2,086	13,272	167,319
Materials and supplies	10,410	397	409	11,216	4,670	8,381	13,051	24,267
Printing and publications	-	31,072	42,292	73,364	-	16,104	16,104	89,468
Advertising and development	211	-	557	768	-	220,266	220,266	221,034
Postage and shipping	4,083	28	-	4,111	8,928	16,829	25,757	29,868
Travel and conferences	6,030	-	9,230	15,260	9,861	15,158	25,019	40,279
Repairs and maintenance	96,036	-	-	96,036	-	-	-	96,036
Insurance	-	-	-	-	40,835	-	40,835	40,835
Interest and bank charges	-	-	-	-	87,618	24,449	112,067	112,067
Depreciation and amortization	501,781	-	-	501,781	153,527	-	153,527	655,308
Contract services	212,652	38,500	93,346	344,498	104,289	75,461	179,750	524,248
Bad debt	-	-	-	-	-	71,134	71,134	71,134
Miscellaneous	29	-	-	29	3,951	13,546	17,497	17,526
Total functional expenses	**$ 1,605,565**	**$ 781,546**	**$ 213,978**	**$ 2,601,089**	**$ 719,752**	**$ 976,719**	**$ 1,696,471**	**$ 4,297,560**

See notes to financial statements.

Statement of Cash Flows

Years Ended September 30, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Increase (decrease) in net assets	$ 302,050	$ (675,964)
Adjustments to reconcile increase (decrease) in net assets to net cash from operating activities:		
Depreciation	625,615	655,308
Bad debt expense	69,201	71,134
Amortization of program contract rights	648,750	657,214
Amortization of deferred gain	(33,885)	(33,885)
Contributions and grants for long-lived assets - 24/7 PBS Kids Channel and transmitter	(794,479)	-
Changes in operating assets and liabilities that (used) provided cash:		
Underwriting receivables	(18,198)	63,019
Grants and other receivables	(101,919)	(70,852)
Program contract rights	(659,365)	(656,746)
Other assets	3,621	(14,975)
Accounts payable	38,501	(94,066)
Deferred revenue	(59,107)	34,294
Accrued compensation	2,582	6,817
Net cash provided by (used in) operating activities	23,367	(58,702)
Cash Flows Used in Investing Activities - Purchase of property and equipment	(797,558)	(8,604)
Cash Flows from Financing Activities		
Net proceeds from bank line of credit	70,000	94,981
Payments on capital lease	(44,276)	(29,263)
Cash proceeds received for long-lived assets - 24/7 PBS Kids Channel and transmitter	794,479	-
Net cash provided by financing activities	820,203	65,718
Net Increase (Decrease) in Cash	46,012	(1,588)
Cash - Beginning of year	20,187	21,775
Cash - End of year	**$ 66,199**	**$ 20,187**
Supplemental Cash Flow Information - Cash paid for interest	$ 19,575	$ 18,747

See notes to financial statements.

Note 1 - Nature of Business

Michiana Public Broadcasting Corporation (the "Corporation") owns and operates WNIT Center for Public Media (Channel 34.1, 34.2, 34.3, and WNIT.org), which provides educational and cultural television programs and related services to communities in northern Indiana and southwestern Michigan. The leadership of MPBC is provided by community volunteers, and support is provided by the communities served through memberships, corporate donations, underwriting, and donated services. Additional support is also received from grants from the Corporation for Public Broadcasting and the State of Indiana. Programming is received from the Public Broadcasting Service (PBS) and other sources.

Note 2 - Significant Accounting Policies

Basis of Presentation

The financial statements of the Corporation have been prepared on the basis of generally accepted accounting principles (GAAP).

Classification of Net Assets

Net assets of the Corporation are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Corporation.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Corporation or by the passage of time. For the year ended September 30, 2018, $15,000 of net assets were restricted for the PBS Kids Channel Launch. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. There are no net assets restricted in perpetuity as of September 30, 2019 and 2018.

Grants and Other Receivables

Grants and other receivables consist of amounts awarded from the Corporation for Public Broadcasting during the year and pledges from members. Based on management's review of the grants receivable balance and historical collection information, management has not recorded an allowance for doubtful receivables, as it is the opinion of management that the receivable will be collected in full. An allowance for membership pledges is provided based upon management's judgment and analysis regarding such factors as prior collection history, nature of the pledge, and payment method. As of September 30, 2019 and 2018, the Corporation has recorded an allowance of doubtful receivables of $5,602 and $6,520, respectively.

Revenue Recognition

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Contributions include operating grants, membership income, and contributions and support. Revenue received to underwrite production programming is deferred and recognized as revenue when related costs are incurred. The Corporation recognizes revenue from underwriting agreements as deferred until the programs being sponsored are aired.

Revenue, gains, and other support are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Donor-restricted contributions whose restrictions are met within the same year as the contributions are received are reported as contributions without donor restrictions in the financial statements.

Note 2 - Significant Accounting Policies (Continued)

Program Contract Rights

Program contracts generally give the Corporation the right to broadcast programs on its television station. The full contract price is capitalized at the inception of the contract and amortized using the straight-line method over the term of the contract, usually one year. The full contract price is also recorded as program contract rights payable until the invoice is paid.

Property and Equipment

Property and equipment are recorded at the lower of cost or market value. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Estimated lives are 5 to 10 years for office, studio, and technical equipment. Estimated lives are 10 to 20 years for the transmitter plant, DTV conversion equipment, and leased equipment. The estimated life of the building is 40 years.

Certain items of the Corporation’s studio and technical equipment have been acquired in part with National Telecommunications and Information Administration (NTIA) grants from the U.S. Department of Commerce. In connection with these grants, NTIA has a lien for a 10-year period on any equipment acquired with proceeds from NTIA grants. In addition, equipment acquired by the Corporation, which is part of the equipment acquired with NTIA grants, would also be subject to the NTIA liens. Studio and technical equipment with a net book value of $68,878 and $71,345 at September 30, 2019 and 2018, respectively, is subject to NTIA liens, which expire at various dates through September 2021. Costs of maintenance and repairs are charged to expense when incurred.

Donated Services and Assets

Certain donated services are recognized as support in the statement of activities and changes in net assets. The value of these services is determined based on estimated fair value.

Volunteer services are not reflected in the financial statements because the services are not recordable under accounting principles generally accepted in the United States of America.

Donated assets are reflected in the financial statements at their estimated fair values at the time of donation.

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in the statement of activities and changes in net assets. Expenses incurred directly for program services are charged to such service. Certain costs have been allocated between the various programs and support services. Salaries and related expenses are allocated on the basis of time and effort. Depreciation, occupancy, and utilities are allocated on an estimate of square feet.

Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Income Taxes

The Corporation is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

Use of Estimates

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

Note 2 - Significant Accounting Policies (Continued)

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including November 18, 2019, which is the date the financial statements were available to be issued. No such events were noted.

Upcoming 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 will supersede the current 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 new guidance will be effective for the Corporation's year ending September 30, 2020. The ASU permits application of the new revenue recognition guidance using one of two retrospective application methods. The Corporation is reviewing current revenue streams and does not feel this standard will have a significant impact on the timing of revenue recognition. However, the Corporation does expect to have expanded disclosures as a result of the new standard.

The FASB issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU 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 will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Corporation's year ending September 30, 2022 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The new lease standard is not expected to have a significant effect on Corporation’s consolidated financial statements due to its lease for a tower being classified as a capital lease.

In June 2018, the 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 will result in more governmental 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 new guidance will be effective for Corporation’s year ending September 30, 2020 and will be applied on a modified prospective basis. Corporation does not expect the standard to have a significant impact on the timing of revenue recognition for government grants and contracts, but has not yet determined the impact on the timing of recognition of foundation and individual grants and contributions.

Adoption of New Accounting Pronouncement

The Corporation adopted FASB ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of October 1, 2018. 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. Furthermore, unless donor stipulations limit the use of the assets for a period of time or a particular purpose, donor restrictions on long-lived assets, if any, or cash to acquire long-lived assets are considered to have expired when the assets are placed into service.

Note 2 - Significant Accounting Policies (Continued)

This standard also requires changes in the way certain information is aggregated and reported by the Corporation, including disclosures of quantitative and qualitative information about the liquidity and availability of resources, and expanded disclosures on methods of functional allocation for expenses. The standard also clarifies the definition of management and general expenses and prohibits certain expenses from being allocated out of management and general.

The following changes were a result of the adoption of this standard: temporarily restricted net assets related to restricted equipment of $130,744 and $168,625 as of September 30, 2018 and October 1, 2017, respectively, were reclassified to net assets without donor restrictions. This also resulted in a decrease in net assets released from restrictions of $37,881 for 2018. In addition, temporarily restricted net assets of $15,000 as of September 30, 2018 were reclassified to be net assets with donor restrictions. All applicable changes to the reporting model have been incorporated into the Corporation's financial statements. The standard was implemented retrospectively.

Note 3 - Corporation for Public Broadcasting Grants

The Corporation was awarded community service grants from the Corporation for Public Broadcasting (CPB) of $761,052 and $738,359 during the years ended September 30, 2019 and 2018, respectively, to finance normal programming and promotion expenses. The grant amounts were fully expended in each year; therefore, there are no uncommitted balances as of September 30, 2019 and 2018. The grant amounts were based upon nonfederal financial support of $2,180,895 and $2,127,189 recorded by the Corporation for the years ended September 30, 2017 and 2016, respectively.

In fiscal year 2020, the community service grant will be $735,209 based on nonfederal financial support of $2,082,308 recorded during fiscal year 2018. Nonfederal financial support for the year ended September 30, 2019 will be the basis for the fiscal year 2021 community service grant; however, such grants are dependent on continued funding of CPB by the U.S. government. The Corporation has discussed the need for possible contingency plans if this funding decreases.

The Corporation also received other grants from CPB totaling $73,440 and $73,030 for the years ended September 30, 2019 and 2018, respectively.

Note 4 - Property and Equipment

Property and equipment are summarized as follows:

	2019	2018
Land	$ 211,493	$ 211,493
Buildings	4,519,940	4,519,940
Office equipment	357,795	357,795
Studio and technical equipment	7,370,105	6,791,334
Transmitter plant	842,014	842,014
DTV conversion equipment	571,893	571,893
Equipment under capital lease	1,449,568	1,449,568
Construction in progress	218,787	-
Total cost	15,541,595	14,744,037
Less accumulated depreciation	9,824,958	9,199,343
Net carrying amount	$ 5,716,637	$ 5,544,694

Depreciation expense for 2019 and 2018 was $625,615 and $655,308, respectively.

Note 4 - Property and Equipment (Continued)

During November 2013, the Corporation sold one of its towers and the land on which the tower is located. In addition to the sale, the Corporation signed a lease agreement with the purchaser to lease the tower (see Note 6). Depreciation expense on the leased equipment was $72,478 for 2019 and 2018.

Construction in progress consists of a new transmitter. During 2019, the Corporation received grant revenue from the Federal Communications Commission of approximately $234,000, which was used to purchase the transmitter.

Note 5 - Bank Line of Credit

The Corporation has a line of credit allowing the Corporation to borrow up to $375,000. The line of credit is collateralized by substantially all assets of the Corporation and matures on January 15, 2020. Interest is payable monthly at 0.50 percent above the prime rate, with a minimum interest rate of 5.00 percent (an effective rate of 5.50 percent and 5.75 percent at September 30, 2019 and 2018, respectively). There was an outstanding balance on the line of credit of $244,981 and $174,981 as of September 30, 2019 and 2018, respectively.

Interest expense was approximately $16,900 and $14,200 for the years ended September 30, 2019 and 2018, respectively.

Note 6 - Capital Lease

The Corporation sold one of its towers in November 2013. In addition to the sales agreement, the Corporation signed a lease agreement with the purchaser to lease the tower. The future minimum lease payments under the capital lease are as follows:

Years Ending September 30	Amount
2020	$ 110,440
2021	110,440
2022	110,440
2023	110,440
2024	125,620
Thereafter	1,248,833
Total	1,816,213
Less amount representing interest	541,357
Present value of net minimum lease payments	$ 1,274,856

Equipment purchased under the capital lease arrangements has been capitalized and is included in property and equipment (see Note 4).

The interest rate on this capital lease is 5.00 percent.

The gain on the sale-leaseback of the tower and related assets amounted to $677,697 and has been deferred over the 20-year life of the lease. The deferred gain for the years ended September 30, 2019 and 2018 is $477,212 and $511,097, respectively. The Corporation recognized gains of approximately $34,000 during both 2019 and 2018, which are reported within the statement of activities and changes in net assets.

Note 7 - Employee Benefit Plan

The Corporation has a tax-deferred annuity plan under Section 403(b) of the Internal Revenue Code, which covers all of its employees. The plan is a defined contribution plan that allows an employee to make voluntary contributions not to exceed the limits imposed by Section 415 and Section 403(b) of the IRC. Under the plan, the Corporation is obligated to match up to 3 percent of the participant’s annual compensation. The Corporation’s expense under the plan aggregated $35,620 and $29,164 for the years ended September 30, 2019 and 2018, respectively.

Note 8 - Community Foundations

Certain funds donated by outside donors for the benefit of the Corporation are held and managed by the Community Foundation of St. Joseph County (the "Foundation"). The Foundation maintains variance power, which, as a result, requires that the assets it holds not be recorded as assets of the Corporation. The fair market value of these funds is approximately $386,000 and $383,000 at September 30, 2019 and 2018, respectively. These funds are not reflected in the financial statements. Earnings are available for distribution to the Corporation at the discretion of the Foundation and, therefore, are not reflected as revenue in the financial statements until received by the Corporation.

The Corporation established a fund at Elkhart County Community Foundation (ECCF). This fund consists mainly of donations directed to ECCF by the Corporation. ECCF maintains legal ownership of the fund and, as such, continues to report the fund as an asset and liability. The Corporation made an initial contribution of $5,000, which is recorded as other assets on the statement of financial position. The fair value of funds held at ECCF is approximately $16,300 and $15,000 at September 30, 2019 and 2018, respectively. These funds, with the exception of the Corporation's initial contribution, are not reflected in the financial statements.

The Corporation established a fund at the Marshall County Community Foundation (MCCF) with an initial contribution of $1,000 by the Corporation. MCCF maintains variance power, which, as a result, requires that the assets it holds not be recorded as assets of the Corporation, with the exception of the Corporation's initial contribution, which is recorded as other assets on the statement of financial position. The fair value of funds held at MCCF is approximately $1,100 at September 30, 2019 and 2018.

Note 9 - Liquidity and Availability of Resources

The following reflects the Corporation'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
Cash and cash equivalents	$ 66,199	$ 20,187
Underwriting receivable - Net	81,024	66,026
Grants and other receivables - Net	284,173	248,255
Financial assets	431,396	334,468
Less those unavailable for general expenditures within one year due to contractual or donor-imposed restrictions - Restricted by donor with time or purpose restrictions	-	15,000
Financial assets available to meet cash needs for general expenditures within one year	$ 431,396	$ 319,468

None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

Note 9 - Liquidity and Availability of Resources (Continued)

The grants and other net receivables are subject to implied to time restrictions but are expected to be collected within one year. The Corporation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Corporation also realizes there could be unanticipated liquidity needs.

The Corporation has an available balance on a committed line of credit in the amount of $130,019 and $200,019 at September 30, 2019 and 2018, respectively, which it could draw upon if needed, as further described in Note 5.