

**WEST TENNESSEE PUBLIC
TELEVISION COUNCIL, INC.
MARTIN, TN**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2023 and 2022

**WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
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**WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
ROSTER OF MANAGEMENT OFFICIALS AND BOARD MEMBERS**

For the year ended June 30, 2023

ROSTER OF MANAGEMENT OFFICIALS

Peter Noll, General Manager and CEO

ROSTER OF BOARD MEMBERS

Rodney Freed, President

John Fry, Vice-President

Kim Foster, Treasurer

Julie Allen Ward, Secretary

Steve Bowers, Member

Mike McWherter, Member

Johnny Shaw, Member

Jeremy Tubbs, Member

LaShonda Williams, Member

Lynn Alexander, Member

Amanda Walker, Member

Bob Moore, Member

Angela Demaris, Member

Cindy Emerson, Member

Crystal Ozier, Member



Independent Auditor's Report

To the Board of Directors
West Tennessee Public Television Council, Inc.
Martin, Tennessee

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of West Tennessee Public Television Council, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of West Tennessee Public Television Council Inc., as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of West Tennessee Public Television Council, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about West

Tennessee Public Television Council, Inc.'s ability to continue as a going concern within one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 West Tennessee Public Television Council Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about West Tennessee Public Television Council Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of state financial assistance, is presented for purposes of

additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of state financial assistance is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises of the roster of management officials and board members but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2023 on our consideration of West Tennessee Public Television Council, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of West Tennessee Public Television Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Tennessee Public Television Council, Inc.'s internal control over financial reporting and compliance.

ATA CPAs + Advisors PLLC

Martin, Tennessee
October 15, 2023

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2023 and 2022

	2023	2022
Assets		
Current assets		
Cash and cash equivalents	\$ 424,377	\$ 1,875,519
Certificate of deposits	1,423,769	-
Accounts receivable	39,814	59,019
Prepays	9,153	12,204
Total current assets	1,897,113	1,946,742
Property and equipment	142,013	-
Intangible Assets	22,500	-
Leasehold improvements	53,560	53,560
Furniture/fixtures/office equipment	45,531	36,780
Broadcasting equipment	3,478,575	3,478,575
Software	36,589	36,589
Transmitters/antenna/towers/satellite	1,782,989	1,782,989
TPTC equipment	40,450	40,450
Repack	1,063,508	1,063,508
Master control	333,352	333,352
Vehicles	271,429	271,429
	7,270,497	7,097,232
Less: accumulated depreciation and amortization	6,550,485	6,169,372
Net property and equipment	720,012	927,860
Other Assets		
Right of use asset	86,320	-
Total other assets	86,320	-
Total assets	\$ 2,703,445	\$ 2,874,602
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 29,251	\$ 11,651
Operating leases payable, current portion	7,051	-
Accrued annual pay	49,214	63,556
Unearned revenue	663,871	684,828
Total current liabilities	749,387	760,035
Long-term liabilities		
Operating leases payable, net of current portion	81,885	-
Total long-term liabilities	81,885	-
Net assets		
Without donor restrictions		
Operating	1,152,160	1,186,707
Property and equipment	720,012	927,860
Total net assets	1,872,172	2,114,567
Total liabilities and net assets	\$ 2,703,445	\$ 2,874,602

The accompanying notes are an integral part of these financial statements.

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

	WITHOUT DONOR RESTRICTIONS		
	Operating	Property and Equipment	Total
Public Support and Revenues			
CPB - Community Service Grant	\$ 662,328	\$ 22,500	\$ 684,828
CPB - Universal Service Support Grant	138,936	-	138,936
CPB - Interconnect Grant	11,945	-	11,945
State of Tennessee - direct apportionment	430,793	-	430,793
Other grants	(26,417)	150,767	124,350
Special event revenue	500	-	500
Individual giving	94,543	-	94,543
Corporate income	191,523	-	191,523
TN channel revenue	33,333	-	33,333
In-kind contributions	200,351	-	200,351
Interest income	40,403	-	40,403
Total public support and revenues	1,778,238	173,267	1,951,505
Expenses			
Program services			
Broadcasting	430,751	-	430,751
Engineering	443,199	152,821	596,020
Production	265,760	81,565	347,325
Education	52,412	-	52,412
Total program services	1,192,122	234,386	1,426,508
Support services:			
Individual giving	87,263	-	87,263
Corporate giving	12,411	-	12,411
Management and support	520,989	146,729	667,718
Total support services	620,662	146,729	767,391
Total expenses	1,812,784	381,115	2,193,899
Change in net assets	(34,547)	(207,848)	(242,395)
Net assets, beginning of year	1,186,707	927,860	2,114,567
Net assets, end of year	\$ 1,152,160	\$ 720,012	\$ 1,872,172

The accompanying notes are an integral part of these financial statements.

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

	<u>WITHOUT DONOR RESTRICTIONS</u>		
	<u>Operating</u>	<u>Property and Equipment</u>	<u>Total</u>
Public Support and Revenues			
CPB - Community Service Grant	\$ 636,276	\$ 51,342	\$ 687,618
CPB - Universal Service Support Grant	141,211	-	141,211
CPB - Interconnect Grant	12,585	-	12,585
CPB - Stabilization	-	-	-
State of Tennessee - direct apportionment	379,450	51,343	430,793
Other grants	81,775	42,800	124,575
Special event revenue	11,951	-	11,951
Individual giving	83,580	-	83,580
Corporate income	271,282	-	271,282
TPTC Datacastin	3,500	-	3,500
Paycheck protection program loan forgiveness	114,155	-	114,155
TN channel revenue	33,333	-	33,333
In-kind contributions	164,827	-	164,827
Interest income	5,870	-	5,870
American vet - broadcast operations	1,000	-	1,000
Education and community engagement income	10,250	-	10,250
Miscellaneous	1,896	-	1,896
Total public support and revenues	<u>1,952,941</u>	<u>145,485</u>	<u>2,098,426</u>
Expenses			
Program services			
Broadcasting	443,331	-	443,331
Engineering	414,952	156,097	571,049
Production	275,859	83,200	359,059
Education	47,495	-	47,495
Total program services	<u>1,181,638</u>	<u>239,297</u>	<u>1,420,935</u>
Support services:			
Individual giving	83,323	-	83,323
Corporate giving	12,014	-	12,014
Management and support	525,101	149,724	674,825
Total support services	<u>620,438</u>	<u>149,724</u>	<u>770,162</u>
Total expenses	<u>1,802,076</u>	<u>389,021</u>	<u>2,191,097</u>
Change in net assets	150,865	(243,536)	(92,671)
Net assets, beginning of year	<u>1,035,842</u>	<u>1,171,396</u>	<u>2,207,238</u>
Net assets, end of year	<u>\$ 1,186,707</u>	<u>\$ 927,860</u>	<u>\$ 2,114,567</u>

The accompanying notes are an integral part of these financial statements.

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Cash received from Federal, State, and local sources	\$ 1,930,307	\$ 2,083,832
Cash paid to suppliers and employees	(1,827,433)	(1,938,125)
Cash received from interest income	40,403	5,870
Net cash provided (used) by operating activities	143,277	151,577
Cash flows from investing activities:		
Net cash paid for capital expenditures	(173,267)	(145,485)
Net cash provided (used) by investing activities	(173,267)	(145,485)
Cash flows from financing activities:		
Net proceeds from leases	2,617	-
Net cash provided (used) by financing activities	2,617	-
Net increase (decrease) in cash and cash equivalents	(27,373)	6,092
Cash and cash equivalents - beginning of year	1,875,519	1,869,427
Cash and cash equivalents - end of year	\$ 1,848,146	\$ 1,875,519
 Cash flows from operating activities:		
Change in net assets	\$ (242,395)	\$ (92,671)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and Amortization	381,115	389,021
PPP loan forgiveness	-	(114,155)
(Increase) decrease in accounts receivable	19,205	(8,724)
(Increase) decrease in prepaid expense	3,051	(12,204)
Increase (decrease) in accounts payable	17,600	(1,701)
Increase (decrease) in accrued annual pay	(14,342)	(5,199)
Increase (decrease) in unearned revenue	(20,957)	(2,790)
Net cash provided (used) by operating activities	\$ 143,277	\$ 151,577

The accompanying notes are an integral part of these financial statements.

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2023

	<u>Program Services</u>				<u>Supporting Services</u>			<u>Total</u>
	<u>Broadcasting</u>	<u>Engineering</u>	<u>Production</u>	<u>Education</u>	<u>Management and Support</u>	<u>Individual Giving</u>	<u>Corporate Giving</u>	
Advertising/Promotions	\$ 100	\$ -	\$ 427	\$ -	\$ 124,364	\$ -	\$ -	124,891
Amortization	-	-	375	-	-	-	-	375
Benefits (IRA)	6,508	16,739	6,795	-	7,015	3,600	-	40,657
Board business	201	-	423	-	1,216	-	-	1,841
Conferences	-	-	-	-	1,847	394	925	3,166
Contract labor	-	-	6,495	-	-	-	400	6,895
Costume rental and actors	-	-	-	988	-	-	-	988
Credit card fees	-	-	-	-	3,333	-	-	3,333
Depreciation	-	152,446	81,565	-	146,729	-	-	380,740
Dues and subscriptions	300	-	-	-	107,145	3,409	-	110,855
Events - Misc	137	-	1,436	1,643	545	3,343	1,558	8,662
Equipment	1,263	1,154	1,105	135	2,454	-	-	6,111
Equipment - operating	10	9,928	5,589	-	388	-	-	15,915
Fringe Benefit	-	-	-	-	1,500	-	-	1,500
Grants PBS	-	-	-	6,113	-	-	-	6,113
Insurance - business	7,885	44,649	13,992	-	52,764	7,357	-	126,647
Interconnect	-	37,804	-	-	-	-	-	37,804
Legal/Accounting	-	-	-	-	48,517	-	-	48,517
Legislative lobbying	-	-	-	-	7,944	-	-	7,944
Miscellaneous	32	60	174	195	3,570	12	89	4,132
Parts	-	11,393	11	-	324	-	-	11,728
Payroll taxes	6,802	16,283	5,307	2,528	7,393	3,510	-	41,822
Postage	-	-	-	2	1,345	2,581	-	3,928
Premiums	-	-	-	-	-	2,620	-	2,620
Printing	2,505	-	-	-	1,140	250	-	3,895
Program expense	301,764	2,595	-	-	-	-	-	304,359
Rent and leases in-kind	-	-	71,000	-	-	-	-	71,000
Rent and leases	-	7,000	-	-	-	-	-	7,000
Repairs and maintenance - in-kind	-	-	56,966	-	-	-	-	56,966
Repairs and maintenance	-	16,629	3,051	-	5,046	-	-	24,727
Salaries	73,781	222,473	69,964	34,294	95,215	50,470	-	546,198
Salaries - part-time	18,784	12,165	6,951	-	2,834	-	-	40,734
Shipping	-	-	-	-	31	-	556	587
Software contracts	7,464	1,684	1,774	-	125	-	1,157	12,205
Supplies	265	147	12,249	5,416	5,217	4,502	1,730	29,526
Telephone	-	7,950	-	-	-	1,278	3,003	12,230
TPTC	-	-	-	-	17,336	-	-	17,336
Travel and entertainment	2,864	84	732	114	10,979	3,790	2,314	20,878
Utilities	-	32,617	-	-	-	-	-	32,617
Vehicle expenses	85	2,046	942	984	1,569	148	677	6,452
Website	-	173	-	-	9,834	-	-	10,008
Totals	\$ 430,751	\$ 596,020	\$ 347,325	\$ 52,412	\$ 667,718	\$ 87,263	\$ 12,411	\$ 2,193,899

The accompanying notes are an integral part of these financial statements.

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2022

	Program Services				Supporting Services			Total
	Broadcasting	Engineering	Production	Education	Management and Support	Individual Giving	Corporate Giving	
Advertising/Promotions	\$ 34,273	\$ -	\$ 24,193	\$ -	\$ 147,729	\$ 3,035	\$ 900	\$ 210,130
Benefits (IRA)	5,643	14,664	9,203	1,459	7,001	3,303	-	41,274
Board business	-	-	-	-	164	-	-	164
Computer services - in-kind	-	-	3,080	-	1,120	-	-	4,200
Contract labor	-	-	4,635	-	-	-	-	4,635
Costume rental and actors	-	-	43	2,215	-	-	-	2,258
Credit card fees	-	-	-	-	6,813	-	-	6,813
Depreciation	-	156,097	83,200	-	149,724	-	-	389,021
Dues and subscriptions	284	-	-	-	120,861	5,652	-	126,797
Equipment	-	2,265	1,106	-	305	-	-	3,676
Equipment - operating	64	-	180	-	2,415	-	-	2,659
Grants PBS	930	-	-	-	-	-	-	930
Health insurance	5,432	51,492	16,798	36	(8,419)	9,919	-	75,259
Human resources	-	-	-	-	280	-	-	280
Insurance - business	-	-	-	-	46,360	-	-	46,360
Interconnect	-	36,520	-	-	-	-	-	36,520
Legal/Accounting	-	-	-	-	48,070	-	-	48,070
Legislative lobbying	-	-	-	-	4,582	-	-	4,582
Miscellaneous	124	223	417	-	3,772	12	246	4,794
Parts	-	4,866	-	-	263	-	-	5,129
Payroll taxes	5,566	15,609	6,242	2,459	6,876	3,031	-	39,783
Postage	15	1	20	91	92	2,408	-	2,626
Premiums	-	-	-	-	-	1,738	-	1,738
Printing	3,819	11	-	6	254	-	34	4,124
Program expense	293,405	1,750	-	-	-	-	-	295,155
Rent and leases in-kind	-	2,520	51,100	-	-	-	-	53,620
Rent and leases	-	7,000	-	-	-	-	-	7,000
Repairs and maintenance - in-kind	5,618	5,618	46,548	5,618	5,618	5,618	5,617	80,255
Repairs and maintenance	-	3,721	3,051	154	1,942	-	-	8,868
Salaries	58,330	198,442	84,992	31,988	87,768	44,045	-	505,565
Salaries - part-time	16,910	25,975	4,622	-	151	-	-	47,658
Shipping	-	7	-	-	176	-	-	182
Software contracts	6,627	743	1,686	-	1,618	-	1,861	12,535
Special events	3,944	-	394	831	-	-	-	5,169
Supplies	12	74	266	15	2,067	2,431	271	5,135
Telephone	-	8,797	-	-	2,894	147	-	11,838
TPTC	-	-	-	-	17,539	-	-	17,539
Training	75	-	-	-	1,495	-	-	1,570
Travel and entertainment	303	351	421	79	5,422	25	1,162	7,763
Utilities - in-kind	1,873	1,873	15,516	1,873	1,873	1,873	1,871	26,752
Utilities	-	29,953	-	-	-	-	-	29,953
Vehicle expenses	85	2,440	1,346	672	3,162	85	52	7,842
Website	-	39	-	-	4,835	-	-	4,874
Totals	\$ 443,331	\$ 571,049	\$ 359,059	\$ 47,495	\$ 674,825	\$ 83,323	\$ 12,014	\$ 2,191,097

The accompanying notes are an integral part of these financial statements.

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

NOTE 1 –SIGNIFICANT ACCOUNTING POLICIES

West Tennessee Public Television Council, Inc. (the Corporation) is a non-profit Tennessee corporation which owns and operates the non-profit public television station – WLJT-TV. WLJT's mission is to educate, enrich and enlighten by providing programs and services of quality and value to West Tennessee and the surrounding area. The Corporation has significant reliance and is supported primarily through private contributions, state and local grants, grants from the Corporation of Public Broadcasting, appropriations from the State of Tennessee, and In-kind contributions.

A. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with *Generally Accepted Accounting Principles*.

B. Recently Adopted Accounting Standards

On January 1, 2022, the Company adopted *ASU No. 2016-02 "Leases (Topic 842)"* and subsequent amendments thereto, which requires the Company to recognize most leases on the balance sheet. The standard was adopted under a modified retrospective approach as of the adoption and elected to apply several of the available practical expedients, including: carryover of historical lease determination and lease classification conclusions, carryover of historical initial direct cost balances for existing leases, and accounting for lease and non-lease components in contracts in which the Company is a lessee as a single lease component.

Management determined that operating leases were material and significant; therefore, the leases were recorded pursuant to *ASU No. 2016-02*. The adoption of *FASB ASU 2020-07 (Topic 958) Contributed Nonfinancial Assets*, was effective for FY 2023. Disclosures about the Company's leasing activities are presented in NOTE 5 – Lease Agreement.

C. Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. The Organization has continued its use of fund accounting in keeping its books and records. As a result, it has reclassified its fund balance to present the two classes of net assets for financial statement purposes as required.

D. Revenue Recognition

Under FASB ASC 606 revenue recognition requirements that went into effect December 15, 2019, there is no material impact on how the Company recognizes revenue. The new requirement addresses contractual performance obligations for consideration for services provided and how revenue is reported.

The Company has grant agreements with the State of Tennessee and the Corporation for Public Broadcasting (CPB). The revenue from these grants is listed under each grant specifically listed on the Statement of Activities. The Company obligation under these grant agreements is to comply with regulatory standards, perform appropriate management and use of the grants, and submit annual audited financial statements. The grant received from the State of Tennessee also requires

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

an accounting of the actual expenditure of such funds. The Company has other revenue streams that particularly are made up of donations and contributions. A specific performance obligation is not applicable with these revenue streams

Grant funding for contract periods spanning across multiple fiscal years are recorded as unearned revenue in the year funds are received to ensure all prior received funds have been expended. Unrestricted contributions, pledges, and grant funding for contract periods for the current fiscal year are recognized as revenue in the Statement of Activities upon receipt. Other unrestricted revenues are recognized as earned either upon receipt or accrual. State appropriation support is reported as unrestricted revenue. Expenditures of unrestricted funds are recognized as expenses when expended or upon incurrence of the related liability.

E. Accounts Receivable

The balance of accounts receivable may vary from year to year depending on the timing of the certain grants. Typically the grants are billed out for each month and when a delay in payment occurs, the Company will record accounts receivable. The Company had accounts receivable of \$39,814 and \$59,019 as of June 30, 2023 and 2022 respectively.

F. In-Kind Contributions

Contributed materials, supplies, facilities, and property are recorded at their estimated fair value at the date of donation. WLJT reports gifts of equipment, professional services, materials and other nonmonetary contributions as unrestricted revenue in the accompanying statement of activities. If the fair value of the contributed materials, supplies, facilities, and property cannot be reasonably determined, they are not recorded.

G. Income Taxes

WLJT is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code as evidenced by a letter dated August 26, 1985. Accordingly, no provision for income taxes has been made in the following statements.

H. Cash Equivalents

Cash equivalents consist of cash and interest-bearing deposits. For the purposes of the statements of cash flows, cash in demand deposits with financial institutions and all cash investments with original maturities of three months or less are considered to be cash and cash equivalents. To avoid FDIC risks, the company opened certificates of deposits at six different banks. The Company has a total of \$1,423,769 in 2023. These CDs have maturities of over three months.

I. Contributions

Contributions are recorded when cash is received and are considered to be available for unrestricted use unless specifically restricted by the donor. Net assets, revenues and expenses are classified based on the existence or absence of donor-imposed restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

J. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires West Tennessee Public Television Council's management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

K. Date of Management Review

Subsequent events have been evaluated through October 15, 2023, which is the date the financial statements were available to be issued.

L. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and supporting services benefited.

M. Contingent Liabilities and Losses

The Corporation receives the majority of its revenue under various state apportionments, corporate grants and in-kind contributions. Any disallowed claims and costs, including already collected, may constitute a liability of the applicable funds. This amount, if any, of expenditures which may be disallowed by grantor agencies or contributors cannot be determined at this time although the Corporation expects such amounts, if any, to be immaterial.

N. Contingencies

The Organization received thirty and thirty-three percent of their funding from state appropriations and in-kind contributions during the fiscal year ended June 30, 2023 and June 30, 2022 respectively. A major reduction of such funds, should this occur, may have a significant effect on future operations.

NOTE 2 –DETAILED NOTES ON ACCOUNTS

A. Concentrations of Credit Risk

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist primarily of cash and cash equivalents, investments and accounts receivable. Cash and cash equivalents are maintained in demand deposit accounts which, at times, may exceed federally insured limits. By their nature, all such financial instruments involve risk, including the credit risk of nonperformance by counterparties. Exposure to credit risk is managed primarily through monitoring procedures. The Corporation had cash in excess of FDIC insured limits of \$8,462 and \$1,142,978 as of June 30, 2023 and 2022 respectively; posing significant credit risk. Management assumes all risk of loss.

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

B. Property and equipment

WLJT capitalizes property and equipment over \$2,500. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded contributions at their estimated fair value. Such donations are recorded as unrestricted contributions unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding the use and contributions of cash that might be used to acquire fixed assets are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, WLJT reports expirations of donor restrictions when the donated or acquired assets are placed in service. WLJT reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Depreciation is computed on a straight-line basis over the useful lives of the assets as follows:

Building and Improvements	20 – 30 years
Furniture and Equipment	5 – 10 years

The net property and equipment balance has been recorded as a separate component in net assets without donor restrictions.

C. SBA Paycheck Protection Program Loan

On approximately December 27, 2020, the Company was granted a second loan in the amount of \$114,155, pursuant to a second round of Paycheck Protection Program included in the Consolidated Appropriations Act, 2021. This was in addition to the original CARES Act which was enacted March 27, 2020. Funds from the second Loan may be used for operational expenses, property damage, supplies costs, worker projections, payroll costs, costs used to continue group health care benefits, the mortgage interest payments, rent, utilities, and interest on other debt obligations incurred. The sixty percent usage on payroll costs requirement is still applicable. This loan was forgiven in full in fiscal year 2022.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The West Tennessee Public Television Council, Inc.'s financial assets as of the June 30, 2023 and 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date ARs \$1,887,960 and \$1,934,538, respectively. This amount is the cash in bank without restrictions and the current portion of accounts receivable. The West Tennessee Public Television Council, Inc., has a goal to maintain financial assets, which consist of cash and cash equivalents, on hand to meet at least 60 days of normal operating expenses as of June 30, 2023 and 2022, which are, approximately \$365,650 and \$365,183, respectively.

NOTE 4 – Simplified Employee Pension Plan (IRA)

The Company contributes to a Simplified Employee Pension Plan for qualifying employees. Employees must be 18 years of age and have worked for the Company for six months. The Company contributes 7.5 percent to the plan for each eligible employee. The employees are not allowed to contribute any to the plan. The Company had expenses related to the plan of \$40,657 and \$41,274 as of June 30, 2023 and 2022, respectively.

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 5 – LEASE AGREEMENT

A. Broadcast Tower

WLJT entered into a lease agreement with a Broadcast Tower, with a total monthly payment of \$583. The lease will terminate as of September 2035. The total amount of lease expense at June 30, 2023 and 2022, was \$2,642 and \$0, respectively. As of June 30, 2023, the operating weighted average remaining lease term is 12 years and the weighed average discount rate is 6.00%. Future undiscounted lease payments with initial terms of one year or more are as follows:

On or before June 30, 2024	\$ 7,000
On or before June 30, 2025	7,000
On or before June 30, 2026	8,000
On or before June 30, 2027	8,000
On or before June 30, 2028	8,000
Thereafter (until 2035)	<u>56,000</u>
	94,000
Less interest payments	<u>26,818</u>
Present value of lease liability	<u>\$ 67,182</u>

B. Novatech Copier

WLJT entered into a lease agreement with a Novatech Copier, with a total monthly payment of \$433. The lease will terminate as of April 2028. The total amount of lease expense at June 30, 2023 and 2022, was \$323 and \$0, respectively. As of June 30, 2023, the operating weighted average remaining lease term is 4.4 years and the weighed average discount rate is 6.00%. Future undiscounted lease payments with initial terms of one year or more are as follows:

On or before June 30, 2024	\$ 5,196
On or before June 30, 2025	5,196
On or before June 30, 2026	5,196
On or before June 30, 2027	5,196
On or before June 30, 2028	<u>4,330</u>
	25,114
Less interest payments	<u>3,359</u>
Present value of lease liability	<u>\$ 21,755</u>

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
SCHEDULE OF STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2023

<u>Grantor</u> <u>Program Title</u>	<u>Expenditures</u>
Tennessee Department of Education:	
Direct Appropriation Grant	<u>430,793</u>

NOTE: *The accompanying schedule is prepared on the accrual basis of accounting.*

See independent auditor's report.



**Independent Auditor’s Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in
Accordance With *Government Auditing Standards***

Board of Directors
West Tennessee Public Television Council, Inc.
Martin, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of West Tennessee Public Television Council, Inc., (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 15, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered West Tennessee Public Television Council, Inc.’s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of West Tennessee Public Television Council, Inc.’s internal control. Accordingly, we do not express an opinion on the effectiveness of West Tennessee Public Television Council, Inc.’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Tennessee Public Television Council, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ATA CPAs + Advisors PLLC

Martin, Tennessee
October 15, 2023

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
SCHEDULE OF FINDINGS
For the Year Ended June 30, 2023

Financial Statement Findings

None reported.

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2023

Financial Statement Findings

There were no prior year findings reported.