

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2021 and 2020

**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, 2021

ROSTER OF MANAGEMENT OFFICIALS

Mike Peery, General Manager and CEO

ROSTER OF BOARD MEMBERS

Rodney Freed, President

John Fry, Vice-President

Kim Foster, Treasurer

Jill Holland, Secretary

Lauren Pritchard, Member

Mike McWherter, Member

Pat Riley, Member

Travis McLeese, Member

Sandy Moss, Member

John Young, Member

Jeremy Tubbs, Member

Rep. Johnny Shaw, Member

Robert Conder, Member

Steve Bowers, Member

LaShonda Williams, Member

Julie Allen Ward, Member



Independent Auditor's Report

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

Report on the Financial Statements

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, 2021 and 2020, and the related statements of activities, cash flows, and functional expenses 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Board of Directors
West Tennessee Public Television Council, Inc.

Opinion

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, 2021 and 2020, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The roster of management officials and board members, and the schedule of state financial assistance are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedule of state financial assistance 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The roster of management officials and board members has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2021 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 the Organization'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.

Alexander Thompson Arnold PLLC

Martin, Tennessee
September 23, 2021

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	2021	2020
Assets		
Current assets		
Cash and cash equivalents	\$ 1,869,427	\$ 1,107,839
Accounts receivable	50,296	5,398
Total current assets	1,919,723	1,113,237
Property and equipment		
Leasehold improvements	53,559	53,559
Furniture/fixtures/office equipment	36,780	28,639
Broadcasting equipment	3,473,733	3,473,733
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	130,786	130,786
	6,951,746	6,943,605
Less: accumulated depreciation	5,780,351	5,400,135
Net property and equipment	1,171,395	1,543,470
Total assets	\$ 3,091,118	\$ 2,656,707
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 13,352	\$ 6,306
SBA paycheck protection program loan	114,155	140,697
Accrued annual pay	68,755	53,152
Unearned revenue	687,618	623,750
Total current liabilities	883,880	823,905
Net assets		
Without donor restrictions		
Operating	1,035,842	289,332
Property and equipment	1,171,396	1,543,470
Total net assets	2,207,238	1,832,802
Total liabilities and net assets	\$ 3,091,118	\$ 2,656,707

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, 2021

	<u>WITHOUT DONOR RESTRICTIONS</u>		
	<u>Operating</u>	<u>Property and Equipment</u>	<u>Total</u>
Public Support and Revenues			
CPB - Community Service Grant	\$ 623,750	\$ -	\$ 623,750
CPB - Universal Service Support Grant	135,474	-	135,474
CPB - Interconnect Grant	13,006	-	13,006
CPB - Stabilization	483,556	-	483,556
State of Tennessee - direct apportionment	430,793	-	430,793
Other grants	157,454	8,141	165,595
Special event revenue	6,505	-	6,505
Individual giving	83,794	-	83,794
Corporate income	138,942	-	138,942
TPTC Datacastin	54,000	-	54,000
Paycheck protection program loan forgiveness	140,697	-	140,697
TN channel revenue	33,333	-	33,333
In-kind contributions	163,318	-	163,318
Interest income	3,279	-	3,279
Education and community engagement income	24,651	-	24,651
Miscellaneous	11,490	-	11,490
Total public support and revenues	<u>2,504,042</u>	<u>8,141</u>	<u>2,512,183</u>
Expenses			
Program services			
Broadcasting	455,517	-	455,517
Engineering	424,896	149,065	573,961
Production	274,834	87,808	362,642
Education	60,941	-	60,941
Total program services	<u>1,216,188</u>	<u>236,873</u>	<u>1,453,061</u>
Support services:			
Individual giving	84,816	-	84,816
Corporate giving	9,409	-	9,409
Management and support	447,116	143,343	590,459
Total support services	<u>541,341</u>	<u>143,343</u>	<u>684,684</u>
Total expenses	<u>1,757,529</u>	<u>380,216</u>	<u>2,137,745</u>
Change in net assets	746,513	(372,075)	374,438
Net assets, beginning of year	<u>289,329</u>	<u>1,543,471</u>	<u>1,832,800</u>
Net assets, end of year	<u>\$ 1,035,842</u>	<u>\$ 1,171,396</u>	<u>\$ 2,207,238</u>

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, 2020

	<u>WITHOUT DONOR RESTRICTIONS</u>		
	<u>Operating</u>	<u>Property and Equipment</u>	<u>Total</u>
Public Support and Revenues			
CPB - Community Service Grant	\$ 622,134	\$ -	\$ 622,134
CPB - Universal Service Support Grant	133,191	-	133,191
CPB - Interconnect Grant	12,123	-	12,123
State of Tennessee - direct apportionment	430,793	-	430,793
Other grants	260,205	-	260,205
Special event revenue	9,460	-	9,460
Individual giving	78,332	-	78,332
Corporate income	124,585	-	124,585
Production revenue	70	-	70
TN channel revenue	82,833	-	82,833
In-kind contributions	275,573	-	275,573
Interest income	8,581	-	8,581
Education and community engagement income	13,750	-	13,750
FCC repack revenue	24,173	-	24,173
Miscellaneous	3,201	-	3,201
Total public support and revenues	<u>2,079,004</u>	<u>-</u>	<u>2,079,004</u>
Expenses			
Program services			
Broadcasting	497,986	-	497,986
Engineering	381,529	280,235	661,764
Production	320,671	100,084	420,755
Education	75,979	-	75,979
Total program services	<u>1,276,165</u>	<u>380,319</u>	<u>1,656,484</u>
Support services:			
Individual giving	81,176	-	81,176
Corporate giving	17,523	-	17,523
Management and support	452,958	20,017	472,975
Total support services	<u>551,657</u>	<u>20,017</u>	<u>571,674</u>
Total expenses	<u>1,827,822</u>	<u>400,336</u>	<u>2,228,158</u>
Change in net assets	251,182	(400,336)	(149,154)
Net assets, beginning of year	<u>38,147</u>	<u>1,943,807</u>	<u>1,981,954</u>
Net assets, end of year	<u>\$ 289,329</u>	<u>\$ 1,543,471</u>	<u>\$ 1,832,800</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, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Cash received from Federal, State, and local sources	\$ 2,467,285	\$ 2,170,142
Cash paid to suppliers and employees	(1,814,990)	(1,944,352)
Cash received from interest income	3,279	8,581
Net cash provided (used) by operating activities	655,574	234,371
Cash flows from investing activities:		
Net cash paid for capital expenditures	(8,141)	-
Net cash provided (used) by investing activities	(8,141)	-
Cash flows from financing activities:		
PPP loan proceeds	114,155	140,697
Net cash provided (used) by financing activities	114,155	140,697
Net increase (decrease) in cash and cash equivalents	761,588	375,068
Cash and cash equivalents - beginning of year	1,107,839	732,771
Cash and cash equivalents - end of year	\$ 1,869,427	\$ 1,107,839
Cash flows from operating activities:		
Change in net assets	\$ 374,438	\$ (149,154)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	380,216	400,336
PPP loan forgiveness	(140,697)	-
(Increase) decrease in accounts receivable	(44,898)	(1,144)
Increase (decrease) in accounts payable	7,044	(25,961)
Increase (decrease) in accrued annual pay	15,603	8,678
Increase (decrease) in unearned revenue	63,868	1,616
Net cash provided (used) by operating activities	\$ 655,574	\$ 234,371

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, 2021

	Program Services				Supporting Services			Total
	Broadcasting	Engineering	Production	Education	Management and Support	Individual Giving	Corporate Giving	
Advertising/Promotions	\$ 32,275	\$ -	\$ 25,369	\$ 4,226	\$ 41,413	\$ -	\$ -	\$ 103,283
Benefits (IRA)	5,535	15,413	9,371	-	6,750	3,318	-	40,387
Board business	-	-	-	-	277	-	-	277
Computer services - in-kind	-	-	3,080	-	1,120	-	-	4,200
Contract labor	-	-	625	-	-	-	-	625
Costume rental and actors	-	-	-	820	-	-	-	820
Credit card fees	-	-	-	-	4,699	-	-	4,699
Depreciation	-	149,065	87,808	-	143,343	-	-	380,216
Dues and subscriptions	141	-	-	-	128,907	10,355	-	139,403
Equipment	550	69	87	-	-	-	-	706
Equipment - operating	-	10,700	35	-	-	-	-	10,735
Grants	-	-	-	4,327	-	-	-	4,327
Grants PBS	-	-	-	8,276	-	-	-	8,276
Health insurance	5,121	46,720	18,331	108	8,006	8,496	-	86,782
Human resources	-	-	-	-	280	-	-	280
Insurance - business	-	-	-	-	50,050	-	-	50,050
Interconnect	-	39,009	-	-	-	-	-	39,009
Legal/Accounting	-	-	-	-	55,844	-	-	55,844
Legislative lobbying	-	-	-	-	5,089	-	-	5,089
Miscellaneous	-	-	54	-	2,300	-	55	2,409
Parts	64	6,600	1,761	-	-	-	-	8,425
Payroll taxes	5,479	15,371	6,638	2,407	6,755	3,129	-	39,779
Postage	53	-	-	40	671	2,332	-	3,096
Premiums	-	-	-	-	-	3,550	-	3,550
Printing	3,015	-	-	-	81	-	-	3,096
Program expense	310,612	-	-	-	-	-	-	310,612
Rent and leases in-kind	-	2,520	50,400	-	-	-	-	52,920
Rent and leases	-	7,000	-	-	-	-	-	7,000
Repairs and maintenance - in-kind	5,575	5,575	46,199	5,575	5,575	5,575	5,575	79,649
Repairs and maintenance	-	2,319	-	-	672	-	-	2,991
Salaries	58,924	195,955	88,253	32,287	93,548	45,734	-	514,701
Salaries - part-time	16,917	26,223	8,192	-	-	-	-	51,332
Shipping	-	12	-	-	598	-	-	610
Software contracts	6,627	11,590	656	-	1,499	-	1,861	22,233
Special events	2,686	-	-	815	-	-	-	3,501
Supplies	-	111	129	99	1,895	384	-	2,618
Telephone	-	7,568	-	-	3,097	-	-	10,665
TPTC	-	-	-	-	17,419	-	-	17,419
Training	-	-	-	-	1,495	-	-	1,495
Travel and entertainment	-	197	-	18	834	-	60	1,109
Utilities - in-kind	1,858	1,858	15,399	1,858	1,858	1,858	1,858	26,547
Utilities	-	28,702	-	-	-	-	-	28,702
Vehicle expenses	85	1,384	255	85	1,657	85	-	3,551
Website	-	-	-	-	4,727	-	-	4,727
Totals	\$ 455,517	\$ 573,961	\$ 362,642	\$ 60,941	\$ 590,459	\$ 84,816	\$ 9,409	\$ 2,137,745

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, 2020

	Program Services				Supporting Services			Total
	Broadcasting	Engineering	Production	Education	Management and Support	Individual Giving	Corporate Giving	
Advertising/Promotions	\$ 63,971	\$ -	\$ 9,271	\$ 18,542	\$ 925	\$ -	\$ -	\$ 92,709
Benefits (IRA)	5,492	15,568	7,509	1,156	7,924	3,194	-	40,843
Board business	-	-	-	-	537	-	-	537
Computer services - in-kind	-	-	3,080	-	1,120	-	-	4,200
Contract Labor	-	-	14,595	-	-	-	-	14,595
Costume rental and actors	-	-	-	305	-	-	-	305
Credit card fees	-	-	-	-	2,663	-	-	2,663
Depreciation	-	280,235	100,084	-	20,017	-	-	400,336
Dues and subscriptions	9,144	-	-	-	117,340	1,841	-	128,325
Educational books and media	-	-	-	350	-	-	-	350
Equipment	2,107	32	2,172	149	2,245	-	-	6,705
Equipment - replacement	-	-	-	-	-	1,854	-	1,854
Grants	10,448	-	-	78	-	-	-	10,526
Health insurance	-	-	-	-	65,312	-	-	65,312
Human resources	-	-	-	-	315	-	-	315
Insurance - business	-	-	-	-	42,603	-	-	42,603
Interconnect	-	37,266	-	-	-	-	-	37,266
Interest expense	-	-	-	-	234	-	-	234
Legal/Accounting	-	-	-	-	47,941	-	-	47,941
Legislative lobbying	-	-	-	-	6,412	-	-	6,412
Loss on disposal of assets	-	35	-	-	-	-	-	35
Miscellaneous	56	-	139	-	2,433	-	-	2,628
Parts	-	8,749	-	-	3,303	-	-	12,052
Payroll taxes	5,450	15,354	7,084	2,253	6,748	3,129	-	40,018
Postage	15	1	5	133	644	5,878	1	6,677
Premiums	-	-	-	-	-	2,754	-	2,754
Printing	3,387	292	-	-	227	62	-	3,968
Program expense	302,775	-	-	-	-	-	-	302,775
Rent and leases - in-kind	-	2,520	42,000	-	-	-	-	44,520
Rent and leases	-	7,000	-	-	-	-	-	7,000
Repairs and maintenance - in-kind	11,910	11,910	98,680	11,910	11,911	11,910	11,909	170,140
Repairs and maintenance	-	9,008	1,800	-	881	-	-	11,689
Salaries	56,504	194,911	86,495	29,810	89,727	43,209	-	500,656
Salaries - part-time	16,468	24,355	11,329	-	36	-	-	52,188
Shipping	27	32	-	443	1,763	-	-	2,265
Software contracts	-	-	-	-	1,392	-	-	1,392
Special events	3,875	-	368	6,300	57	2,067	-	12,667
Supplies	881	72	156	419	2,879	1,223	26	5,656
Telephone	-	6,343	-	-	3,133	-	-	9,476
TPTC	-	-	-	-	17,538	-	-	17,538
Training	844	-	-	-	1,422	-	75	2,341
Travel and entertainment	577	144	867	27	3,969	-	1,443	7,027
Utilities - in-kind	3,970	3,970	32,894	3,970	3,970	3,970	3,969	56,713
Utilities	-	31,579	-	-	-	-	-	31,579
Vehicle expenses	85	9,388	2,227	134	414	85	100	12,433
Website	-	-	-	-	4,940	-	-	4,940
YouTube Capture	-	3,000	-	-	-	-	-	3,000
Totals	\$ 497,986	\$ 661,764	\$ 420,755	\$ 75,979	\$ 472,975	\$ 81,176	\$ 17,523	\$ 2,228,158

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

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

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

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958), Presentation of Financial Statements for Not-for-Profit Entities*. This Update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities, and misunderstandings about and opportunities to enhance the utility of the statement of cash flows. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017 and, therefore, is adopted by the West Tennessee Public Television Council, Inc., during the fiscal year ending June 30, 2019. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity and availability of financial resources has also been added (Note 3).

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

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

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 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 \$50,296 and \$5,398 as of June 30, 2021 and 2020 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.

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

J.

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

K. 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.

L. Date of Management Review

Subsequent events have been evaluated through September 23, 2021, which is the date the financial statements were available to be issued.

M. 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.

N. 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.

O. Contingencies

The Organization received twenty-four and thirty-four percent of their funding from state appropriations and in-kind contributions during the fiscal year ended June 30, 2021 and June 30, 2020 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 \$1,128,151 and \$613,495 as of June 30, 2021 and 2020 respectively; posing significant credit risk. Management assumes all risk of loss.

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

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 April 30, 2020, the Company was granted a loan in the amount of \$140,697, pursuant to the Paycheck Protection Program under Division A, Title 1 of the CARES Act which was enacted March 27, 2020. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage interest payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The Company used the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. This loan was forgiven in full in fiscal year 2021.

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, mortgage interest payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The sixty percent usage on payroll costs requirement is still applicable. The Company intends to use the entire Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The West Tennessee Public Television Council, Inc.'s financial assets as of the June 30, 2021 and 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date is \$1,919,722 and \$1,113,237, 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

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

of cash and cash equivalents, on hand to meet at least 60 days of normal operating expenses as of June 30, 2021 and 2020, which are, approximately \$356,290 and \$371,360, 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 \$40,387 and \$40,843 as of June 30, 2021 and 2020, respectively.

NOTE 5 – OTHER MATTERS

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of business. While disruption is currently expected to be temporary, there is considerable uncertainty around the duration of closings. However, the related financial impact on the Company and the duration cannot be estimated at this time.

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
SCHEDULE OF STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2021

<u>Grantor 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, 2021, and the related statements of activities, statements of 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 September 23, 2021.

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 may exist that have not been identified.

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 determination of financial statement amounts. However,

Board of Directors
West Tennessee Public Television Council, Inc.

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*.

In addition, we noted another matter involving the internal control and its operation that we reported to management of the Organization in a separate letter dated September 23, 2021.

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.

Alexander Thompson Arnold PLLC

Martin, Tennessee
September 23, 2021

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
SCHEDULE OF FINDINGS
For the Year Ended June 30, 2021

Financial Statement Findings

None reported.

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2020

Financial Statement Findings

There were no prior year findings reported.