

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2019 and 2018

**WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
TABLE OF CONTENTS**

Roster of Management Officials and Board Members	1
Independent Auditor's Report	2
Financial Statements	
Statements of Financial Position	4
Statements of Activities	5
Statements of Cash Flows	7
Statements of Functional Expenses	8
Notes to Financial Statements	10
Supplementary Information	
Schedule of State Financial Assistance	14
Internal Control and Compliance	
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 <i>Government Auditing Standards</i>	15
Schedule of Findings	17
Schedule of Prior Year Findings	18

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
ROSTER OF MANAGEMENT OFFICIALS AND BOARD MEMBERS
For the year ended June 30, 2019

ROSTER OF MANAGEMENT OFFICIALS

Mike Peery, General Manager and CEO

ROSTER OF BOARD MEMBERS

Jim Blankenship, President

Elizabeth Pritchett, Vice-President

Kim Foster, Treasurer

Jill Holland, Secretary

Stacey Freed, Member

Mike McWherter, Member

Milton Canovan, Member

Sharon Clark, Member

John Fry, Member

Tim Rogers, Member

Donna Neblett, Member

John Young, 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, 2019 and 2018, 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, 2019 and 2018, 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 October 3, 2019 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 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.

Martin, Tennessee
October 3, 2019

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

	2019	2018
Assets		
Current assets		
Cash and cash equivalents	\$ 732,771	\$ 500,536
Prepays	-	7,994
Accounts receivable	4,254	289,998
Total current assets	737,025	798,528
Property and equipment		
Construction in progress	-	878,785
Leasehold improvements	53,559	53,560
Furniture/fixtures/office equipment	28,639	28,639
Broadcasting equipment	3,473,733	3,473,733
Software	36,589	36,589
Transmitters/antenna/towers/satellite	1,782,989	1,756,352
TPTC equipment	40,450	-
Repack	1,063,508	-
Master control	333,352	-
Vehicles	130,786	125,672
	6,943,605	6,353,330
Less: accumulated depreciation	4,999,799	4,782,507
Net property and equipment	1,943,806	1,570,823
Total assets	\$ 2,680,831	\$ 2,369,351
 Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 32,269	\$ 4,965
Payroll taxes payable	-	54
Accrued annual pay	44,474	51,986
Unearned revenue	622,134	611,401
Total current liabilities	698,877	668,406
Net assets		
Without donor restrictions		
Operating	38,147	130,122
Property and equipment	1,943,807	1,570,823
Total net assets	1,981,954	1,700,945
Total liabilities and net assets	\$ 2,680,831	\$ 2,369,351

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, 2019

	WITHOUT DONOR RESTRICTIONS		
	Operating	Property and Equipment	Total
Public Support and Revenues			
CPB - Community Service Grant	\$ 600,668	\$ 10,733	\$ 611,401
CPB - Universal Service Support Grant	128,039	-	128,039
CPB - Interconnect Grant	11,847	-	11,847
State of Tennessee - direct apportionment	430,793	-	430,793
PBS - donated WARN equipment	2,711	-	2,711
Special event revenue	24,575	-	24,575
Individual giving	79,421	-	79,421
Corporate income	9,435	-	9,435
Production revenue	200	-	200
TN channel revenue	83,302	-	83,302
In-kind contributions	692,203	-	692,203
Interest income	6,556	-	6,556
Gain on sale of assets	4,200	-	4,200
Education and community engagement income	6,100	-	6,100
FCC repack revenue	-	161,700	161,700
Freq spectrum revenue	23,346	435,154	458,500
Miscellaneous	5,438	-	5,438
Total public support and revenues	<u>2,108,834</u>	<u>607,587</u>	<u>2,716,421</u>
Expenses			
Program services			
Broadcasting	418,783	-	418,783
Engineering	579,797	164,222	744,019
Production	345,762	58,651	404,413
Education	78,765	-	78,765
Total program services	<u>1,423,107</u>	<u>222,873</u>	<u>1,645,980</u>
Support services:			
Individual giving	89,249	-	89,249
Corporate giving	16,938	-	16,938
Management and support	671,515	11,730	683,245
Total support services	<u>777,702</u>	<u>11,730</u>	<u>789,432</u>
Total expenses	<u>2,200,809</u>	<u>234,603</u>	<u>2,435,412</u>
Change in net assets	(91,975)	372,984	281,009
Net assets, beginning of year	<u>130,122</u>	<u>1,570,823</u>	<u>1,700,945</u>
Net assets, end of year	<u>\$ 38,147</u>	<u>\$ 1,943,807</u>	<u>\$ 1,981,954</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, 2018

	<u>WITHOUT DONOR RESTRICTIONS</u>		
	<u>Operating</u>	<u>Property and Equipment</u>	<u>Total</u>
Public Support and Revenues			
CPB - Community Service Grant	\$ 602,241	\$ 17,209	\$ 619,450
CPB - Universal Service Support Grant	127,526	-	127,526
CPB - Interconnect Grant	11,666	-	11,666
State of Tennessee - direct apportionment	430,793	-	430,793
Other grants	200	-	200
Special event revenue	4,805	-	4,805
Individual giving	90,654	-	90,654
Corporate income	63,804	-	63,804
Production revenue	7,755	-	7,755
TN channel revenue	33,333	-	33,333
In-kind contributions	538,030	-	538,030
Interest income	3,550	-	3,550
Education and community engagement income	5,085	-	5,085
FCC repack revenue	-	869,852	869,852
Freq spectrum revenue	201,500	-	201,500
Miscellaneous	3,808	-	3,808
Total public support and revenues	<u>2,124,750</u>	<u>887,061</u>	<u>3,011,811</u>
Expenses			
Program services			
Broadcasting	422,079	-	422,079
Engineering	575,090	80,384	655,474
Production	389,590	28,611	418,201
Education	60,527	-	60,527
Total program services	<u>1,447,286</u>	<u>108,995</u>	<u>1,556,281</u>
Support services:			
Individual giving	93,889	-	93,889
Corporate giving	70,608	-	70,608
Management and support	454,406	5,689	460,095
Total support services	<u>618,903</u>	<u>5,689</u>	<u>624,592</u>
Total expenses	<u>2,066,189</u>	<u>114,684</u>	<u>2,180,873</u>
Change in net assets	58,561	772,377	830,938
Net assets, beginning of year	<u>71,561</u>	<u>798,446</u>	<u>870,007</u>
Net assets, end of year	<u>\$ 130,122</u>	<u>\$ 1,570,823</u>	<u>\$ 1,700,945</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, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Cash received from Federal, State, and local sources	\$ 3,002,165	\$ 2,725,001
Cash paid to suppliers and employees	(2,168,900)	(2,080,232)
Cash received from interest income	6,556	3,550
Net cash provided (used) by operating activities	839,821	648,319
Cash flows from investing activities:		
Net cash paid for capital expenditures	(607,586)	(887,063)
Net cash provided (used) by investing activities	(607,586)	(887,063)
Net increase (decrease) in cash and cash equivalents	232,235	(238,744)
Cash and cash equivalents - beginning of year	500,536	739,280
Cash and cash equivalents - end of year	\$ 732,771	\$ 500,536
 Cash flows from operating activities:		
Change in net assets	\$ 281,009	\$ 830,938
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	234,603	114,684
(Increase) decrease in prepaid expense	7,994	-
(Increase) decrease in accounts receivable	285,744	(286,810)
Increase (decrease) in accounts payable	27,304	(7,074)
Increase (decrease) in other payables	(54)	-
Increase (decrease) in accrued annual pay	(7,512)	4,630
Increase (decrease) in unearned revenue	10,733	(8,049)
Net cash provided (used) by operating activities	\$ 839,821	\$ 648,319

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, 2019

	Program Services				Supporting Services		Total
	Broadcasting	Engineering	Production	Education	Management and Support	Individual Giving	
Advertising/Promotions	432	-	-	-	-	-	432
Bad debt	-	-	-	-	250	-	250
Benefits (IRA)	5,381	14,566	5,356	2,621	5,572	3,066	36,552
Board business	108	-	-	-	2,239	-	2,347
Computer services - in-kind	-	-	3,080	-	1,120	-	4,200
Contract labor	-	-	18,005	-	300	1,473	19,778
Costume rental and actors	-	-	-	340	-	-	340
Credit card fees	-	-	-	-	2,386	-	2,386
Depreciation	-	164,222	58,651	-	11,730	-	234,603
Dues and subscriptions	13,095	-	-	2,431	108,947	1,904	123,946
Educational books and media	-	-	-	13	-	-	2,431
Equipment	-	869	3,509	7	-	-	4,391
Equipment - replacement	-	56	460	-	-	-	543
FCC repack	-	3,155	-	642	1,170	-	4,325
Health insurance	-	3,236	2,568	-	82,060	1,240	89,746
Human resources	-	-	-	-	301	-	301
Insurance - business	-	36,216	-	-	42,696	-	42,696
Interconnect	-	-	-	-	-	-	36,216
Legal/Accounting	-	-	-	-	47,303	-	47,303
Legislative lobbying	-	-	-	-	10,410	-	10,410
Master control relocation	-	366	-	-	-	-	366
Miscellaneous - in-kind	50	93	-	2,653	1,719	171	4,666
Miscellaneous	-	-	24,300	-	188,961	-	213,261
Parts	-	4,553	71	-	-	-	4,624
Payroll taxes	5,544	17,239	7,107	3,547	16,145	3,432	53,014
Planned giving	-	-	-	-	1,878	119	119
Postage	168	37	13	93	-	3,545	5,738
Premiums	-	-	-	-	-	5,510	5,510
Printing	3,945	-	-	-	-	749	4,751
Program expense	286,020	-	-	-	57	-	286,020
Quarterly reports	10	23	20	1	9	-	63
Rent and leases - in-kind	-	148,020	48,500	-	-	-	196,520
Rent and leases	-	7,000	-	-	-	-	7,000
Repairs and maintenance - in-kind	11,910	63,278	98,681	11,910	11,911	11,910	221,509
Repairs and maintenance	-	8,662	1,299	-	273	-	10,234
Salaries	56,108	188,437	83,159	41,792	76,602	42,428	488,526
Salaries - part-time	16,477	26,644	12,003	-	3,928	-	59,052
Shipping	60	15	-	353	614	-	1,042
Software contracts	7,036	11,775	83	-	789	4,776	25,457
Special events	3,907	46	589	2,415	2,018	81	9,056
Supplies	574	1,022	378	1,725	5,990	918	10,607
Telephone	-	4,537	-	-	3,969	-	8,506
TGAR	-	-	-	1,279	-	-	1,279
TPTC	-	-	-	-	18,874	-	18,874
Training	1,855	2,024	-	972	9,079	2,308	16,238
Travel and entertainment	2,027	700	1,252	1,199	13,258	1,564	20,037
Utilities - in-kind	3,970	3,970	32,894	3,970	3,970	3,970	56,713
Utilities	-	29,553	-	-	-	-	29,553
Vehicle expenses	106	3,688	2,415	802	1,965	85	9,082
Website	-	27	-	-	4,727	-	4,754
Totals	\$ 418,763	\$ 744,019	\$ 404,413	\$ 78,765	\$ 683,245	\$ 89,249	\$ 2,435,412

See independent auditor's report.

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2018

	Program Services				Supporting Services		Total
	Broadcasting	Engineering	Production	Education	Management and Support	Individual Giving	
Advertising/Promotions	\$ 64	-	-	\$ 12	-	-	\$ 54,622
Apparel	-	-	-	-	102	-	114
Bad Debt Expense	-	-	-	-	1,888	-	1,888
Benefits (IRA)	5,264	14,324	6,175	922	8,913	3,045	38,643
Board business	-	-	-	-	1,149	-	1,149
Computer services - in-kind	-	-	21,081	-	1,120	4,500	26,701
Contract Labor	-	-	-	-	145	-	145
Costume rental and actors	-	-	-	310	-	-	310
Credit card fees	-	-	-	-	2,484	-	2,484
Depreciation	-	80,384	28,611	-	5,689	-	114,684
Dues and subscriptions	12,445	266	-	40	114,781	584	128,116
Educational books and media	-	-	-	2,412	-	-	2,412
Equipment - operating	-	28,625	5,857	-	995	-	35,477
Equipment - replacement	-	311	13,376	-	4,158	7,227	13,687
Health insurance	5,540	26,750	23,009	4,231	-	-	70,915
Insurance - business	-	14,616	-	-	44,517	-	44,517
Interconnect	-	21,600	-	-	-	-	21,600
Interconnect - INT	-	-	-	-	10,888	-	10,888
Legal/Accounting	-	-	-	-	26,368	-	26,368
Legislative lobbying	-	-	-	-	3,905	-	3,949
Miscellaneous	22	-	4	18	52,949	-	57,449
Miscellaneous In-Kind	4,500	-	-	-	-	-	1,879
Parts	-	1,629	250	-	-	-	2,206
Payroll taxes	5,367	22,236	9,234	2,206	10,277	3,370	52,690
Postage	3	-	14	55	1,090	3,188	4,351
Premiums	-	-	-	-	-	8,316	8,316
Printing	4,049	-	-	45	1,616	-	5,710
Program expense	284,494	-	-	-	402	-	284,494
Quarterly reports	-	-	-	-	-	-	402
Rent and leases - in-kind	-	152,520	50,000	-	-	-	202,520
Rent and leases	-	7,000	-	-	-	-	7,000
Repairs and maintenance - in-kind	13,196	13,196	109,343	13,196	13,197	13,196	188,520
Repairs and maintenance	-	3,096	-	-	340	-	3,436
Salaries	54,384	173,806	85,374	26,304	106,660	39,127	485,655
Salaries - part-time	17,300	27,509	25,311	-	17,816	-	87,936
Shipping	61	404	-	104	1,397	13	1,979
Software contracts	6,831	1,668	81	-	461	4,776	14,786
Special events	-	-	-	719	2,145	396	3,260
Supplies	1,592	2,421	207	1,226	4,241	216	9,903
Telephone	-	4,051	-	-	5,489	-	9,540
Tape cubs purchased	-	-	222	21	-	-	243
TPTC	-	-	-	-	619	-	619
Training	2,356	3,161	-	3,622	1,324	1,111	11,574
Travel and entertainment	127	331	520	106	880	-	1,964
Utilities - in-kind	4,399	4,399	36,447	4,399	4,399	4,399	62,840
Utilities	-	48,267	-	-	-	-	48,267
Vehicle expenses	85	2,904	3,085	579	905	85	7,643
Website	-	-	-	-	4,612	-	4,612
Totals	\$ 422,079	\$ 655,474	\$ 418,201	\$ 60,527	\$ 460,095	\$ 93,899	\$ 2,180,873

See independent auditor's report.

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

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 Standard

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

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.

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

E. 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.

F. 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.

G. 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.

H. 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

I. 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.

J. Date of Management Review

Subsequent events have been evaluated through October 3, 2019, which is the date the financial statements were available to be issued.

K. 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.

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

L. 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.

M. Contingencies

The Organization received fifty percent of their funding from state appropriations and in-kind contributions during the fiscal year ended June 30, 2019. 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 no major concentrations of credit risk.

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 temporarily restricted net assets to unrestricted net assets 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.

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The West Tennessee Public Television Council, Inc.'s financial assets as of the June 30, 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date is \$737,025. 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, which are, approximately \$698,877.

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
SCHEDULE OF STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2019

<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.



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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, 2019, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 3, 2019.

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) to determine 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 an 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, providing an opinion on compliance with those provisions was not an objective of our audit, and

Board of Directors
West Tennessee Public Television Council, Inc.

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 October 3, 2019.

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.

Martin, Tennessee
October 3, 2019

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
SCHEDULE OF FINDINGS
For the Year Ended June 30, 2019

Financial Statement Findings

None reported.

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2018

Financial Statement Findings

There were no prior year findings reported.