

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2022 and 2021

**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, 2022

ROSTER OF MANAGEMENT OFFICIALS

Mike Peery, General Manager and CEO

ROSTER OF BOARD MEMBERS

Rodney Freed, President

John Fry, Vice-President

Kim Foster, Treasurer

Julie Allen Ward, Secretary

Jeremy Tubbs, Member

Mike McWherter, Member

John Young, Member

Travis McLeese, Member

Rep. Johnny Shaw, Member

Steve Bowers, Member

LaShonda Williams, Member

Robert Condor, Member

Sandy Moss, Member

Lauren Pritchard-Cobb, Member

Pat Riley, 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, 2022 and 2021, 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 present fairly, in all material respects, the financial position of West Tennessee Public Television Council Inc., as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the year 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

Board of Directors
West Tennessee Public Television Council, Inc.

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.

Board of Directors
West Tennessee Public Television Council, Inc.

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 September 23, 2022 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.

Alexander Thompson Arnold PLLC

Martin, Tennessee
September 23, 2022

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2022 and 2021

| | 2022 | 2021 |
|---|---------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 1,875,519 | \$ 1,869,427 |
| Accounts receivable | 59,019 | 50,295 |
| Prepays | 12,204 | - |
| Total current assets | 1,946,742 | 1,919,722 |
| Property and equipment | | |
| Leasehold improvements | 53,560 | 53,560 |
| Furniture/fixtures/office equipment | 36,780 | 36,780 |
| Broadcasting equipment | 3,478,575 | 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 | 271,429 | 130,786 |
| | 7,097,232 | 6,951,747 |
| Less: accumulated depreciation | 6,169,372 | 5,780,351 |
| Net property and equipment | 927,860 | 1,171,396 |
| Total assets | \$ 2,874,602 | \$ 3,091,118 |
| Liabilities and Net Assets | | |
| Current liabilities | | |
| Accounts payable | \$ 11,651 | \$ 13,352 |
| SBA paycheck protection program loan | - | 114,155 |
| Accrued annual pay | 63,556 | 68,755 |
| Unearned revenue | 684,828 | 687,618 |
| Total current liabilities | 760,035 | 883,880 |
| Net assets | | |
| Without donor restrictions | | |
| Operating | 1,186,707 | 1,035,842 |
| Property and equipment | 927,860 | 1,171,396 |
| Total net assets | 2,114,567 | 2,207,238 |
| Total liabilities and net assets | \$ 2,874,602 | \$ 3,091,118 |

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 | \$ 51,343 | \$ 687,618 |
| CPB - Universal Service Support Grant | 141,211 | - | 141,211 |
| CPB - Interconnect Grant | 12,585 | - | 12,585 |
| State of Tennessee - direct apportionment | 379,451 | 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.
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.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2022 and 2021

| | 2022 | 2021 |
|---|--------------|----------------|
| Cash flows from operating activities: | | |
| Cash received from Federal, State, and local sources | \$ 2,083,832 | \$ 2,464,006 |
| Cash paid to suppliers and employees | (1,938,125) | (1,811,711) |
| Cash received from interest income | 5,870 | 3,279 |
| Net cash provided (used) by operating activities | 151,577 | 655,574 |
| Cash flows from investing activities: | | |
| Net cash paid for capital expenditures | (145,485) | (8,141) |
| Net cash provided (used) by investing activities | (145,485) | (8,141) |
| Cash flows from financing activities: | | |
| PPP loan proceeds | - | 114,155 |
| Net cash provided (used) by financing activities | - | 114,155 |
| Net increase (decrease) in cash and cash equivalents | 6,092 | 761,588 |
| Cash and cash equivalents - beginning of year | 1,869,427 | 1,107,839 |
| Cash and cash equivalents - end of year | \$ 1,875,519 | \$ 1,869,427 |
| Cash flows from operating activities: | | |
| Change in net assets | \$ (92,671) | \$ 374,438 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation | 389,021 | 380,216 |
| PPP loan forgiveness | (114,155) | (140,697) |
| (Increase) decrease in accounts receivable | (8,724) | (44,898) |
| (Increase) decrease in prepaid expense | (12,204) | - |
| Increase (decrease) in accounts payable | (1,701) | 7,044 |
| Increase (decrease) in accrued annual pay | (5,199) | 15,603 |
| Increase (decrease) in unearned revenue | (2,790) | 63,868 |
| Net cash provided (used) by operating activities | \$ 151,577 | \$ 655,574 |

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.
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 | - | - | - | - | 4,121 | - | - | 4,121 |
| 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.
NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

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, 2022 and 2021

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 \$59,019 and \$50,295 as of June 30, 2022 and 2021 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 are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

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 September 23, 2022, 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-three and twenty-four percent of their funding from state appropriations and in-kind contributions during the fiscal year ended June 30, 2022 and June 30, 2021 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 \$1,142,978 and \$1,128,151 as of June 30, 2022 and 2021 respectively; posing significant credit risk. Management assumes all risk of loss.

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

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. 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, 2022 and 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date is \$1,934,538 and \$1,919,722, 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, 2022 and 2021, which are, approximately \$365,183 and \$356,290, respectively.

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

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 \$41,274 and \$40,387 as of June 30, 2022 and 2021, 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, 2022

| <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, 2022, 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, 2022.

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

Board of Directors
West Tennessee Public Television Council, Inc.

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, 2022.

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, 2022

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

Financial Statement Findings

None reported.

WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2022

Financial Statement Findings

There were no prior year findings reported.