

WEST CENTRAL MINNESOTA EDUCATIONAL TELEVISION COMPANY
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
JUNE 30, 2022



**DANA F. COLE
& COMPANY, LLP**
CERTIFIED PUBLIC ACCOUNTANTS

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WEST CENTRAL MINNESOTA EDUCATIONAL TELEVISION COMPANY
ORGANIZATION
YEAR ENDED JUNE 30, 2022

<u>BOARD OF DIRECTORS</u>	<u>TERM EXPIRES</u>
	<u>SEPTEMBER 30.</u>
Pablo Obregon - Chairperson	2022
Paul Raymo - First Vice Chairperson	2022
Dec Economou - Second Vice Chairperson	2022
LaMont Jacobson - Secretary/Treasurer	2024
Andy Lopez	2022
Linda Wing	2022
Rebecca Peterson	2022
Loy Woelber	2024
Kumara Jayasuriya	2024
Michele Huggins	2024
Kevin Hein	2024
Mark Arnold	2024
<u>PRESIDENT/GENERAL MANAGER</u>	
Sherece Lamke - appointed/ex-officio	



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
West Central Minnesota Educational Television Company

Opinion

We have audited the accompanying consolidated financial statements of West Central Minnesota Educational Television Company (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of West Central Minnesota Educational Television Company as of June 30, 2022, 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 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 Auditors' Responsibilities for the Audit of the Financial Statements section in our report. We are required to be independent of West Central Minnesota Educational Television Company 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about West Central Minnesota Educational Television Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

Report on Summarized Comparative Information

We have previously audited the West Central Minnesota Educational Television Company's 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated September 7, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of CPB and state assistance on page 26, consolidated schedule of revenues, budget, and actual on page 27, and schedule of expenses, budget, and actual on page 28 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Report Issued in Accordance with Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2022, on our consideration of West Central Minnesota Educational Television Company's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of a *Government Auditing Standards* audit in considering West Central Minnesota Educational Television Company's internal control over financial reporting and compliance.

Montevideo, Minnesota
September 22, 2022

Dana F. Cole & Company, LLP

WEST CENTRAL MINNESOTA EDUCATIONAL TELEVISION COMPANY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
ASSETS				
ASSETS				
Cash		640,283	640,283	1,320,583
Accounts receivable	41,224		41,224	58,887
Grants receivable	143,895		143,895	43,129
Pledges receivable (net allowance)	28,959		28,959	47,793
Prepaid expenses	17,406		17,406	27,526
Investments	572,200	383,176	955,376	909,896
Investment - Appleton Tower LLC	109,812		109,812	107,901
Land	241,157		241,157	241,157
Well	5,406		5,406	5,406
Buildings	7,400,862		7,400,862	7,400,862
Equipment and vehicles	10,915,573		10,915,573	11,092,941
Construction in progress	38,780		38,780	
Less accumulated depreciation	(9,714,047)		(9,714,047)	(9,183,822)
TOTAL ASSETS	9,801,227	1,023,459	10,824,686	12,072,259
LIABILITIES AND NET ASSETS				
LIABILITIES				
Interfund borrowing	11,706	(11,706)		
Deferred revenue	197,744		197,744	234,902
Accounts payable	64,044		64,044	31,081
Accrued vacation and benefits	45,159		45,159	43,967
Accrued pension	26,089		26,089	24,504
Paycheck protection loan				252,207
Total Liabilities	344,742	(11,706)	333,036	586,661
NET ASSETS				
Net assets - operations	9,234,239		9,234,239	10,162,304
Endowment fund/foundation	222,246	20,331	242,577	92,554
Net assets with donor restrictions				
Restricted by purpose or time		1,014,834	1,014,834	1,230,740
Total Net Assets	9,456,485	1,035,165	10,491,650	11,485,598
TOTAL LIABILITIES AND NET ASSETS	9,801,227	1,023,459	10,824,686	12,072,259

See accompanying notes to financial statements.

WEST CENTRAL MINNESOTA EDUCATIONAL TELEVISION COMPANY
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT, REVENUES AND RECLASSIFICATIONS				
Contributions	393,387	4,000	397,387	474,476
Planned giving				25,000
Capital campaign		1,738	1,738	1,790
Donated services, materials and equipment				54,202
Contracts/tower rental	187,310		187,310	185,569
Underwriting	134,353		134,353	169,050
CPB grants	874,952		874,952	1,367,949
State operating grant	258,333		258,333	258,333
State equipment grants		35,731	35,731	859,435
Legacy grants	394,818		394,818	307,467
LCCMR grant	134,141		134,141	
MAC-P grant		287,157	287,157	117,598
Capital appropriations bond grant	79,975		79,975	
Other grants	53,743	45,000	98,743	112,645
MPTA and other contract services	47,540		47,540	73,523
Miscellaneous reimbursements	28,557		28,557	45,626
Net investment income (loss)	(135,197)		(135,197)	130,937
Gain in LLC, equity method	1,911		1,911	1,301
Gain on extinguishment of PPP loan	252,207		252,207	237,500
	<u>2,706,030</u>	<u>373,626</u>	<u>3,079,656</u>	<u>4,422,401</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>589,532</u>	<u>(589,532)</u>		
Total support and revenues	<u>3,295,562</u>	<u>(215,906)</u>	<u>3,079,656</u>	<u>4,422,401</u>
EXPENSES				
Program services	2,566,281		2,566,281	2,213,876
Administration management	387,130		387,130	400,603
Services development	335,603		335,603	307,802
Depreciation	775,581		775,581	777,655
Loss on disposal of equipment	9,009		9,009	37,689
Total	<u>4,073,604</u>		<u>4,073,604</u>	<u>3,737,625</u>
INCREASE (DECREASE) IN NET ASSETS	<u>(778,042)</u>	<u>(215,906)</u>	<u>(993,948)</u>	<u>684,776</u>
NET ASSETS, beginning of year	<u>10,234,527</u>	<u>1,251,071</u>	<u>11,485,598</u>	<u>10,800,822</u>
NET ASSETS, end of year	<u>9,456,485</u>	<u>1,035,165</u>	<u>10,491,650</u>	<u>11,485,598</u>

See accompanying notes to financial statements.

WEST CENTRAL MINNESOTA EDUCATIONAL TELEVISION COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	<u>(993,948)</u>	<u>684,776</u>
Adjustments to reconcile changes in net assets to net cash from operating activities		
Depreciation/amortization	775,581	777,655
Loss on disposal of equipment	9,009	37,689
Gain on extinguishment of PPP loan	(252,207)	(237,500)
Gain in LLC, equity method	(1,911)	(1,301)
Unrealized (gain) loss on investments	163,441	(114,912)
Donated services and equipment		(54,202)
(Increase) decrease in:		
Accounts receivable	17,663	62,285
Pledges receivable	18,834	23,443
Grants receivable	(100,766)	43,523
Prepaid expenses	10,120	(9,574)
Increase (decrease) in:		
Accounts payable	32,963	7,925
Deferred revenue	(37,158)	230,888
Accrued liabilities	1,192	2,361
Accrued pension	1,585	(2,998)
Contributions restricted for capital acquisition	(37,469)	(37,521)
Total adjustments	<u>600,877</u>	<u>727,761</u>
Net cash from operating activities	<u>(393,071)</u>	<u>1,412,537</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments		5,510
Sale of property and equipment	500	
Purchase of investments	(208,921)	(53,827)
Purchase of property and equipment	<u>(116,277)</u>	<u>(1,012,097)</u>
Net cash from investing activities	<u>(324,698)</u>	<u>(1,060,414)</u>

WEST CENTRAL MINNESOTA EDUCATIONAL TELEVISION COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt		252,207
Payment of long-term debt		(150,000)
Contributions restricted for capital acquisition	<u>37,469</u>	<u>37,521</u>
Net cash from financing activities	<u>37,469</u>	<u>139,728</u>
NET INCREASE (DECREASE) IN CASH	(680,300)	491,851
CASH, beginning of year	<u>1,320,583</u>	<u>828,732</u>
CASH, end of year	<u><u>640,283</u></u>	<u><u>1,320,583</u></u>
SUPPLEMENTAL INFORMATION		
Interest paid	<u><u> </u></u>	<u><u>2,023</u></u>

WEST CENTRAL MINNESOTA EDUCATIONAL TELEVISION COMPANY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

	2022				2021
	Services Development	Administration Management	Program Services	Total	Total
Salaries/Commissions	149,561	167,443	904,296	1,221,300	1,043,010
Payroll tax	11,116	12,629	65,609	89,354	75,682
Employee benefits	40,123	29,904	165,224	235,251	211,887
Professional services	2,115	59,261	343,323	404,699	320,804
Training and conferences		4,298	3,472	7,770	2,885
Travel	2,466	257	84,264	86,987	22,187
Supplies	7,157	12,231	32,232	51,620	44,050
Telephone/Interconnect	1,200	1,080	121,618	123,898	122,869
Postage and shipping	27,786	1,300	3,192	32,278	27,413
Ads and promotions	5,917	465	66,244	72,626	60,940
Premium items	41,503			41,503	38,153
Printing and publishing	18,570	694	2,496	21,760	24,228
Dues and program acquisition	18,460	21,012	556,627	596,099	625,319
Utilities			149,721	149,721	122,454
Maintenance - building			4,242	4,242	7,380

See accompanying notes to financial statements.

WEST CENTRAL MINNESOTA EDUCATIONAL TELEVISION COMPANY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

	2022				2021
	Services Development	Administration Management	Program Services	Total	Total
CONTINUED					
Insurance		60,179	48,207	108,386	99,607
Vehicle expense		2,538		2,538	17,436
Leases and rentals		828	4,673	5,501	5,544
Maintenance - equipment		5,866	10,841	16,707	31,251
Bank/credit card fees	9,629	2,345		11,974	11,573
Property taxes		4,800		4,800	5,586
Interest					2,023
TOTAL EXPENSES	<u>335,603</u>	<u>387,130</u>	<u>2,566,281</u>	<u>3,289,014</u>	<u>2,922,281</u>

See accompanying notes to financial statements.

WEST CENTRAL MINNESOTA EDUCATIONAL TELEVISION COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

West Central Minnesota Educational Television Company (the Organization) is a nonprofit organization. The Company, also known as Pioneer PBS, operates as a commercial free public television station KWCM-TV in Granite Falls, Minnesota, KSMN-TV in Worthington, Minnesota, and KO8-QED-TV in Fergus Falls, Minnesota, serving west central and central Minnesota, northern Iowa and eastern South Dakota. The mission of Pioneer PBS is to promote economic development, facilitate educational growth, support cultural opportunities, and enhance the quality of life in the broadcast area. There is a continuous effort to meet the telecommunications and information needs of the area.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of West Central Minnesota Educational Television Company and its wholly owned affiliate, West Central Minnesota Public Television Foundation. All significant inter-company transactions and balances have been eliminated in consolidation.

Financial Statement Presentation

The consolidated financial statements report amounts by class of net assets, as required by ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets, revenues, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The governing board has designated from net assets without donor restrictions, net assets for an operating reserve, as well as net assets for endowments.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction

WEST CENTRAL MINNESOTA EDUCATIONAL TELEVISION COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

Net Assets With Donor Restrictions (Continued)

expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both, and are reported in the statements of activities as net assets released from restrictions.

Contributions restricted by donors received in the same period when the associated stipulated time or purpose restriction is accomplished are reported as increases in net assets without donor restrictions. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions.

Contributions

The Organization utilizes FASB ASC 958-605, *Not-for-Profit Entities Revenue Recognition*. This standard requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Contributed Materials, Services, and Equipment

The Organization records various types of in-kind contributions. Contributed services are recognized at fair market value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

Volunteers

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with their operations. The volunteer hours have not been recorded in the financial statements since those services do not meet the criteria for recognition.

WEST CENTRAL MINNESOTA EDUCATIONAL TELEVISION COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, the Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. At June 30, 2022, the Organization had no cash equivalents.

Pledges

The Organization engages fund-raising campaigns manifested by offering special television programs and on-air and mail fund-raising appeals from viewers in Minnesota and surrounding states. These appeals encourage supporters, both individuals and organizations, to provide financial contributions to the public broadcaster for enhancement of program offerings and other operating expenses. Financial contributions are frequently evidenced by pledges received from responding viewers. Contributions and collected pledges are components of the unrestricted operating fund inasmuch as their usage is not limited to specific activities of the public broadcaster. This usage is consistent with appeals for contributions and pledges. These pledges to give are considered collectible within one year.

In fiscal year 2017, the Organization officially commenced the comprehensive campaign, "Coming into View", to provide support in the following core areas: Infrastructure, Equipment, Programming, and Dedicated Reserves. These pledges are considered donor restricted and are recorded as such in the Organization's financial statements. This campaign was completed in fiscal year 2022.

Allowance for Uncollectible Pledges

Pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to pledges receivable.

WEST CENTRAL MINNESOTA EDUCATIONAL TELEVISION COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts and Contracts Receivable

Accounts and contracts receivable represent amounts that have been billed for services provided, but not collected as of the date of the consolidated financial statements. Accounts receivable are stated at the amount management expects to be collected from the outstanding balance. As of June 30, 2022, management has determined, based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

Investments

The Organization has adopted Statements of FASB ASC 958-321 "Investments – Equity Securities," and FASB ASC 323 "Investments – Equity Method and Joint Ventures." These standards establish required reporting for investments held by nonprofit organizations. Investments in debt and equity securities that have a readily determinable fair value, are reported at fair value, with gains and losses included in the statements of activities. All other investments are recorded at cost or if received by gift at fair value or appraised value at date of receipt.

Property and Equipment

Property and Equipment are stated at cost, if purchased or fair value, if donated. Major expenditures for property and those which substantially increase useful lives, in excess of \$1,000 are capitalized. Maintenance, repairs and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Depreciation

The Organization provides for depreciation of property and equipment using annual rates which are sufficient to amortize the cost of depreciable assets using the straight-line method over their estimated useful lives which range from 3 to 33 years.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section

WEST CENTRAL MINNESOTA EDUCATIONAL TELEVISION COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization utilizes the provisions of FASB ASC 740-10, "Accounting for Uncertain Tax Positions". The Organization continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that would be material to the consolidated financial statements.

Compensated Absences

Employees' vacation benefits are recognized in the period earned.

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$72,626 for the year ended June 30, 2022.

Community Service Grants

The Corporation for Public Broadcasting is a private, nonprofit grant making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public telecommunications entities. CSGs are used to augment the financial resources of public broadcasting stations and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated Section 396(k)(7), (1983) Supplement. In any event, each grant must be expended within two years of the initial grant authorization. According to the Communications Act, funds may be used at the discretion of the recipients. Community Service Grant expenditures must fit one of the five following categories: programming and production; transmission and distribution; development and promotion; equipment and capital; and administration and related activities.

The grants are reported on the accompanying financial statements as operating funds without donor restrictions; however, certain guidelines must be satisfied in connection with application for and use of the grants to maintain eligibility and compliance requirements. These guidelines pertain to the use of grant funds, record keeping, audits, financial reporting, transparency, and licensee status with the Federal Communications Commission.

WEST CENTRAL MINNESOTA EDUCATIONAL TELEVISION COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Revenue is recognized when earned. Program service fees are recorded in the period the related services are performed. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. The Organization acts as fiscal agent for one entity. Revenues under this arrangement are recognized when the related expenses are incurred, and any excess funds received are recorded as deferred revenue.

Revenue With or Without Donor Restrictions

Contributions/grants that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Contributions of property and equipment are reported as net asset with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment. Otherwise, donor restrictions on contributions of property and equipment or assets restricted for purchase of property or equipment are considered to expire when the assets are placed in service. All other donor-restricted contributions/grants are reported as increases in net asset with donor restrictions. When a restriction expires, 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. Contributions/grants restricted by donors received in the same period when the associated stipulated time or purpose restriction is accomplished are reported as increases in net assets without donor restriction.

Unconditional promises to give (pledges) are recorded as receivables and revenue and require the Organization to distinguish between contributions received for each net asset category, in accordance with donor imposed restrictions. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Deferred Revenue

Deferred revenue represents revenue received in advance on tower leases, along with revenue received from conditional grants, for which expenses have not been incurred by year end. See Note 16.

WEST CENTRAL MINNESOTA EDUCATIONAL TELEVISION COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Totals

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statement of activities and in the consolidated statement of functional expenses. The majority of the Organization's costs are direct expenses to the program or activity areas to which they pertain. The Legacy Grant allows for an administrative allocation based on a percentage of operating costs, as well as an equipment charge based on depreciation. Accordingly, costs have either been directly charged or allocated among programs and supporting services benefited.

NOTE 2. CONCENTRATION OF RISK

The Organization receives a substantial portion of its funding from the Corporation for Public Broadcasting (CPB) and the State of Minnesota Operating Grant. A significant reduction of this support would likely mean a change of program services offered by the Organization.

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of promises to give receivables and grants receivable from several grantors. Such credit risk with respect to promises receivable are limited due to the large number of contributions comprising the Organization's contributor base and their dispersion across different industries and geographic areas. Grant receivable credit risk is considered by the Organization to be limited due to commitment of the grantor, their financial resources and their support of the program for which the grant is intended. As of June 30, 2022 the Organization had no significant concentrations of credit risk.

NOTE 3. CASH

Cash on the consolidated statement of financial position is comprised of cash in bank and investment account cash. All cash accounts were fully insured as of June 30, 2022.

WEST CENTRAL MINNESOTA EDUCATIONAL TELEVISION COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4. INVESTMENT IN APPLETON TOWER LLC - AT EQUITY (RELATED PARTY)

On April 18, 2001, the Organization formed Appleton Tower LLC along with Minnesota Public Radio (MPR), each holding a 50% membership interest in the LLC. The following is a summary of financial position and results of operations of the Appleton Tower, LLC as of June 30, 2022:

Assets	
Cash	98,762
Property and equipment, net	143,285
Total assets	<u>242,047</u>
Liabilities	
Deferred revenue	2,951
Due to related party	19,474
Total liabilities	<u>22,425</u>
Equity	<u>219,622</u>
Total liabilities and equity	<u>242,047</u>

The LLC had a net gain of \$3,822 for the year ended June 30, 2022.

NOTE 5. MARKETABLE SECURITIES

The Organization purchases securities for the purpose of selling them, but not in the near term. The Organization has adopted FASB ASC 820-10, "Fair Value Measurements", which provides a framework for measuring fair value under generally accepted accounting principles. FASB ASC 820-10 applies to all financial instruments that are being measured and reported on a fair value basis.

As defined in FASB ASC 820-10, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various methods including market, income and cost approaches. Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

WEST CENTRAL MINNESOTA EDUCATIONAL TELEVISION COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5. MARKETABLE SECURITIES (Continued)

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 - Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 - Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 - Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

For the fiscal year ended June 30, 2022, the application of valuation techniques applied to similar assets has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Marketable Debt and Equity Mutual Funds

The fair value of marketable debt and equity mutual funds is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

Fair values of assets measured at June 30, 2022 are as follows:

Recurring Fair Value Measurements

	2022			
	Total	Level 1	Level 2	Level 3
Bond Mutual Funds	495,730	495,730		
Stock Mutual Funds	459,646	459,646		
Total	955,376	955,376		

WEST CENTRAL MINNESOTA EDUCATIONAL TELEVISION COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5. MARKETABLE SECURITIES (Continued)

The carrying amounts, market value, unrealized gains and unrealized losses of the Level 1 marketable securities at June 30, 2022 are as follows:

	2022		
	Cost	Unrealized Gain (Loss)	Market Value
Bond Mutual Funds	544,016	(48,286)	495,730
Stock Mutual Funds	428,793	30,853	459,646
	<u>972,809</u>	<u>(17,433)</u>	<u>955,376</u>

Gains and losses (realized and unrealized) included in net assets for the year are reported in investment income as follows:

	Other Revenues
Change in unrealized gains relating to assets still held at year end	<u>(163,441)</u>

Management evaluates securities for other than temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial conditions and near-term prospects of the issuer, and (3) the intent and ability of the Organization to retain its investments in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. As management has the ability to hold securities for the foreseeable future, no declines are deemed to be other than temporary.

NOTE 6. PLEDGES RECEIVABLE

Promises to give and the related allowance for doubtful accounts, are due to be collected as follows:

	Membership	Total
Gross amount due in		
One year or less	63,549	63,549
Less allowance for doubtful accounts	<u>(34,590)</u>	<u>(34,590)</u>
	<u>28,959</u>	<u>28,959</u>

The discount to present value was calculated on the pledges receivable, but was deemed not material to the financial statements, so was not recorded.

WEST CENTRAL MINNESOTA EDUCATIONAL TELEVISION COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7. PENSION PLAN

The Organization maintains a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers full-time employees of the Organization. According to the plan, the Organization can make a discretionary contribution up to 5% of eligible wages. In fiscal year 2022, the Organization elected to contribute 3% of eligible wages. Employees may make contributions to the plan up to the maximum allowed by the Internal Revenue Code. Pension plan contributions were \$26,089 for the year ended June 30, 2022.

NOTE 8. FUNDRAISING

Fundraising costs are costs incurred to solicit donations of money, service or materials. These costs are entitled Services Development Expenses by the Organization and amounted to \$335,603 for the year ended June 30, 2022.

NOTE 9. LINE OF CREDIT

The Organization has a \$700,000 operating line of credit, with a variable interest rate. The rate at June 30, 2022 is 3.50%. This note matures on December 31, 2022. The line of credit is collateralized by a security interest in accounts receivable, equipment, inventory and certain other assets. The balance on the line of credit is \$0 as of June 30, 2022.

NOTE 10. LONG-TERM DEBT

The Organization obtained a loan from the Small Business Administration under the Paycheck Protection Program on February 9, 2021 for \$252,207 at an interest rate of 1%. They qualified for forgiveness of the entire loan. The entire loan was forgiven on August 31, 2021.

NOTE 11. COMMITMENTS AND CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Organization expects such amounts, if any, to be immaterial.

During fiscal year 2022, the Organization committed to purchase transmitters for a total cost of \$387,800, of which they have only made a down payment of \$38,780 as of June 30, 2022.

WEST CENTRAL MINNESOTA EDUCATIONAL TELEVISION COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11. COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

During fiscal year 2022, the Organization was awarded a Capital Bond Appropriations Grant of approximately \$2.142 million over three years. This grant will be used to purchase equipment. As of June 30, 2022, they have spent approximately \$80,000.

NOTE 12. OPERATING LEASE INCOME ON TOWERS

As of June 30, 2022 the Organization leases tower space to fourteen tenants under non-cancelable operating leases. These agreements have varying terms and termination dates. One lessee pays a portion of the total lease obligation in cash and \$1,600 per month is waived in return for advertising. During fiscal year 2022, twelve months of income and advertising expense were recognized, which amounted to \$19,200. The following schedule summarizes the Organization's investment in property used for leasing:

Towers	1,962,650
Less Accumulated Depreciation	<u>(1,534,811)</u>
Net Towers Used for Leasing	<u>427,839</u>

The following is a schedule by years of future minimum rentals under the leases at June 30, 2022:

2023	110,575
2024	94,712
2025	74,819
2026	67,824
2027	<u>68,366</u>
Total	<u>416,296</u>

NOTE 13. NET ASSETS

Grant programs and contributions reflected as with donor restrictions consist of grant and contribution dollars received, which have been restricted by the grantor/donor for specific purposes. Unrestricted grant program and contribution revenues represent dollars received which were either not restricted by the grantor/donor, or for which restrictions were met in the year received. In addition, membership dues received in advance of the fiscal year 2022 due date are recorded as net assets with donor restrictions.

Comprehensive campaign revenues are reflected as net assets with donor restrictions until used for the purposes specified by the donors. The Organization also receives Planned Giving gifts, which are at times restricted by the donors. Therefore, Planned Giving gifts are recorded as either net assets with or without donor restrictions, as determined by the donors' requests.

WEST CENTRAL MINNESOTA EDUCATIONAL TELEVISION COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13. NET ASSETS (Continued)

Endowment funds reflected as net assets with donor restrictions represent donations received by the organization, for which the gifts must be held in perpetuity.

Net assets with donor restrictions are reflected as cash and investments on the consolidated statement of financial position.

Board Designated net assets represent donations received by the Organization that the board has decided to set aside for endowment purposes. These donations were given to the Organization with no restrictions.

Net assets with donor restrictions are as follows as of June 30, 2022:

Net assets with donor restrictions:	
Subject to the passage of time:	
Membership contributions for subsequent year	<u>4,000</u>
Subject to expenditure for specified purpose:	
Otto Bremer	20,000
McKnight	3,376
Comprehensive campaign	624,613
Planned giving	<u>362,845</u>
Subtotal	<u>1,010,834</u>
Endowments:	
Subject to restriction in perpetuity:	
Original gift amounts	<u>20,331</u>
Total net assets with donor restrictions	<u><u>1,035,165</u></u>

Net assets released from restriction in fiscal year 2022 were as follows:

Operating	3,950
State equipment grants	35,731
MAC-P grant	287,157
Other grants	81,642
Planned giving	25,000
Comprehensive campaign	<u>156,052</u>
Total	<u><u>589,532</u></u>

WEST CENTRAL MINNESOTA EDUCATIONAL TELEVISION COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14. ENDOWMENTS

The Organization's endowment consists of one fund and includes both donor-restricted funds and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Organization has interpreted the Uniform Prudent Management of Institution Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions, to be held in perpetuity: (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions, to be held in perpetuity, are classified as net assets with donor restrictions until those amounts are appropriate for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

Investment Return Objectives, Risk Parameters and Strategies.

The Organization has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. The Organization's policy is to target a payout amount equal to 5% of the previous three years annual moving average of the account's market value. However, in any given year, the Board may vary the target amount. In fiscal year 2022, the Board elected no payout.

WEST CENTRAL MINNESOTA EDUCATIONAL TELEVISION COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14. ENDOWMENTS (Continued)

Endowment Net Asset Composition by Type of Fund as of June 30, 2022 is as follows:

	Without donor restrictions	With Donor Restrictions			Total Funds
		Amount to be held perpetuity	Accumulated gains (losses) and other	Total with donor restrictions	
Donor-restricted endowment funds		20,331		20,331	20,331
Board-designated endowment funds	222,246				222,246
Total endowment funds	<u>222,246</u>	<u>20,331</u>		<u>20,331</u>	<u>242,577</u>

Changes in endowment net assets as of June 30, 2022 are as follows:

	Without donor restrictions	With Donor Restrictions			Total Funds
		Original gift amount	Accumulated gains (losses) and other	Total with donor restrictions	
Endowment net assets, beginning of year	72,223	20,331		20,331	92,554
Contributions	180,785				180,785
Investment losses	(30,762)				(30,762)
Endowment net assets, end of year	<u>222,246</u>	<u>20,331</u>		<u>20,331</u>	<u>242,577</u>

NOTE 15. LIQUIDITY OF RESOURCES

The Organization's financial assets available to meet cash needs for general expenditures within one year of the balance sheet date are as follows:

Accounts receivables	41,224
Grants receivable	143,895
Pledges receivable	<u>28,959</u>
	<u>214,078</u>

The Organization is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of

WEST CENTRAL MINNESOTA EDUCATIONAL TELEVISION COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15. LIQUIDITY OF RESOURCES (Continued)

the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the Organization has committed a line of credit in the amount of \$700,000, which can be drawn upon. As of June 30, 2022, the Organization has drawn down \$0 on this line of credit.

NOTE 16. DEFERRED REVENUE

Deferred revenue as of June 30, 2022, is as follows:

Tower lease income	2,500
Conditional grants	<u>195,244</u>
Total	<u><u>197,744</u></u>

NOTE 17. SUBSEQUENT EVENTS

In preparing the financial statements, the West Central Minnesota Educational Television Company has evaluated events and transactions for potential recognition or disclosure through September 22, 2022, the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

WEST CENTRAL MINNESOTA EDUCATIONAL TELEVISION COMPANY
SCHEDULE OF CPB AND STATE ASSISTANCE
YEAR ENDED JUNE 30, 2022

	<u>Grant Period</u>	<u>Award</u>	<u>Expenditures</u>
<u>CORPORATION FOR PUBLIC BROADCASTING</u>			
Community Service Grant	7/1/21 - 6/30/22	739,511	739,511
Universal Service Support Grant	7/1/21 - 6/30/22	121,851	121,851
Interconnect Grant	7/1/21 - 6/30/22	13,590	13,590
American Rescue Plan Stabilization Funds		490,271	182,474
Totals		<u>1,365,223</u>	<u>1,057,426</u>
<u>STATE OF MINNESOTA</u>			
State Operating Grant	8/25/21 - 6/30/23	258,333	258,333
State Equipment Grant	8/25/21 - 6/30/23	35,731	35,731
Legacy Funds	8/12/21 - 6/30/23	798,603	394,818
LCCMR Grant	8/13/21 - 6/30/24	300,000	134,141
Capital Appropriation Bonds	5/9/22 - 5/8/27	2,142,857	79,975
Totals		<u>3,535,524</u>	<u>902,998</u>

WEST CENTRAL MINNESOTA EDUCATIONAL TELEVISION COMPANY
CONSOLIDATED SCHEDULE OF REVENUES, BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

	2022			2021
	Budget	Without Donor Restrictions	With Donor Restrictions	Total
CONTRIBUTIONS				
Individual	450,000	393,387	5,738	501,266
Total Contributions	450,000	393,387	5,738	501,266
DONATED SERVICES, MATERIALS, AND EQUIPMENT				54,202
CONTRACTS (RENTALS)	187,283	187,310		185,569
UNDERWRITING	217,000	134,353		169,050
GRANTS				
CPB grants	840,588	874,952		1,367,949
State operating grant	258,333	258,333		258,333
State equipment grants			35,731	859,435
Legacy funds	422,947	394,818		307,467
LCCMR grant	150,000	134,141		134,141
MAC-P grant	202,884		287,157	117,598
Capital appropriations bond grant		79,975		79,975
Other grants	125,000	53,743	45,000	112,645
Total Grants	1,999,752	1,795,962	367,888	3,023,427
CONTRACT SERVICES				
MPTA and other contract services	101,000	47,540		73,523
Total contract services	101,000	47,540		73,523
MISCELLANEOUS REVENUES				
Miscellaneous reimbursements	31,000	28,557		45,626
Gain in LLC, equity method		1,911		1,301
Gain on extinguishment of PPP loan	252,207	252,207		237,500
Total miscellaneous revenues	283,207	282,675		284,427
INVESTMENT INCOME (LOSS)	25,000	(135,197)		130,937
TOTAL SUPPORT AND REVENUES	<u>3,263,242</u>	<u>2,706,030</u>	<u>373,626</u>	<u>4,422,401</u>

WEST CENTRAL MINNESOTA EDUCATIONAL TELEVISION COMPANY
SCHEDULE OF EXPENSES, BUDGET AND ACTUAL
OPERATING FUND
YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

	2022			2021
	Budget	Actual	Variance	Total
Salaries/commissions	1,204,077	1,221,300	(17,223)	1,043,010
Employee benefits & payroll taxes	340,263	324,605	15,658	287,569
Professional services	288,840	404,699	(115,859)	320,804
Training and conferences	23,500	7,770	15,730	2,885
Travel	80,050	86,987	(6,937)	22,187
Supplies & materials	50,850	51,620	(770)	44,050
Telephone/interconnect	105,024	123,898	(18,874)	122,869
Postage and shipping	30,100	32,278	(2,178)	27,413
Ads and promotions	48,500	72,626	(24,126)	60,940
Premium items	50,000	41,503	8,497	38,153
Printing and publishing	27,500	21,760	5,740	24,228
Dues and program acquisition	595,360	596,099	(739)	625,319
Utilities	132,120	149,721	(17,601)	122,454
Maintenance - building		4,242	(4,242)	7,380
Insurance	125,625	108,386	17,239	99,607
Vehicle expense	10,000	2,538	7,462	17,436
Leases and rentals	5,650	5,501	149	5,544
Maintenance - equipment	38,700	16,707	21,993	31,251
Bank/credit card fees	11,350	11,974	(624)	11,573
Real estate taxes	5,665	4,800	865	5,586
Interest				2,023
TOTAL EXPENSES	3,173,174	3,289,014	(115,840)	2,922,281

**ADDITIONAL REPORT REQUIRED BY GENERALLY
ACCEPTED GOVERNMENT AUDITING STANDARDS**



**DANA F. COLE
& COMPANY^{LLP}**
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' 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**

To the Board of Directors
West Central Minnesota Educational Television Company

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 consolidated financial statements of West Central Minnesota Educational Television Company (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 22, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered West Central Minnesota Educational Television Company's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Central Minnesota Educational Television Company's internal control. Accordingly, we do not express an opinion on the effectiveness of West Central Minnesota Educational Television Company'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 consolidated 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 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 Central Minnesota Educational Television Company's consolidated financial statements are free from 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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Montevideo, Minnesota
September 22, 2022

Dana L. Cole & Company, LLP