

**THE GREATER CHATTANOOGA PUBLIC
TELEVISION CORPORATION**

Chattanooga, Tennessee

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

Years ended June 30, 2022 and 2021

JOHNSON, HICKEY & MURCHISON, P.C.
Certified Public Accountants
Chattanooga, Tennessee

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THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
ROSTER OF MANAGEMENT AND BOARD MEMBERS
JUNE 30, 2022

MANAGEMENT

Bob Culkeen	President & CEO
Bryan Fuqua	Senior VP of Technical Services
Cindy Valentine	Chief Finance & Human Resource Officer
Shaun Townley	VP of Production & Distribution
Marianne Monoc	VP of Development

BOARD MEMBERS

Jim Tanner	Chair
Daniel Fell	Vice Chair
Cole Powell	Treasurer
Florence Pipkins	Secretary
Steve Gatlin	Director
David Barrett	Director
Julie Brandao	Director
Justin Dumsday	Director
James Fedusenko	Director
Jeffrey Geftter	Director
Barbara Haskew	Director
Jerre Haskew	Director
Bonnie Hathcock	Director
Kerry Hayes	Director
Sheryl Jagers	Director
Meredith Perry	Director
T.D. Scott	Director
Cindy Todd	Director
Martin Trimiew	Director
Edna Varner	Director
Jo Ann Yates	Director



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Greater Chattanooga Public Television Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Greater Chattanooga Public Television Corporation (a nonprofit Corporation), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Greater Chattanooga Public Television Corporation as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of the Organization 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audits 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 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 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 the Organization'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 the Organization'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.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards on page 23 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

The Roster of Management and Board Members on page 2, which is the responsibility of management, is of a nonaccounting nature and has not been subjected to the auditing procedures applied in the audit of the financial statements. Accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2022, on our consideration of The Greater Chattanooga Public Television Corporation's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Greater Chattanooga Public Television Corporation'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 The Greater Chattanooga Public Television Corporation's internal control over financial reporting and compliance.

Johnson, Nicky & Menchum, P.C.

Chattanooga, Tennessee
October 7, 2022

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

ASSETS

	2022	2021
CURRENT ASSETS		
Cash and cash equivalents	\$ 778,244	\$ 866,251
Accounts receivable	43,445	51,702
Prepaid expenses	46,405	43,140
Total current assets	868,094	961,093
 PROPERTY, PLANT AND EQUIPMENT		
Land	251,000	251,000
Buildings and improvements	3,806,533	3,806,533
Equipment, furniture and fixtures	5,991,866	5,935,620
Vehicles	55,311	55,311
	10,104,710	10,048,464
Less accumulated depreciation	5,729,529	5,373,505
	4,375,181	4,674,959
 OTHER ASSETS		
	11,000	11,000
	\$ 5,254,275	\$ 5,647,052

(The accompanying notes are an integral part of these statements.)

LIABILITIES AND NET ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT LIABILITIES		
Current maturities of notes payable	\$ 135,037	\$ 131,976
Accounts payable	12,313	49,186
Accrued compensation, benefits and withholdings	113,400	151,673
Deferred revenue	<u>42,166</u>	<u>13,800</u>
Total current liabilities	<u>302,916</u>	<u>346,635</u>
LONG-TERM LIABILITIES		
Notes payable, less current maturities shown above	1,167,449	1,302,313
Paycheck Protection Program loan	-	178,617
Rental deposits	<u>735</u>	<u>1,525</u>
	<u>1,168,184</u>	<u>1,482,455</u>
NET ASSETS		
Without donor restrictions	3,767,225	3,762,697
With donor restrictions	<u>15,950</u>	<u>55,265</u>
	<u>3,783,175</u>	<u>3,817,962</u>
	<u>\$ 5,254,275</u>	<u>\$ 5,647,052</u>

(The accompanying notes are an integral part of these statements.)

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Support		
Corporation for Public Broadcasting	\$ 792,724	\$ 1,244,055
Government Grants		
Grant from City of Chattanooga	80,000	80,000
Tennessee Board of Education	430,793	430,793
Tennessee Department of Safety and Homeland Security	-	54,000
U.S. Department of Education	124,500	165,595
U.S. Department of the Treasury	-	498,005
Grants - FCC Repack	71,730	-
Other grants	20,000	-
Membership	310,716	276,273
Major giving	132,190	159,774
Underwriting	166,081	152,861
Education	13,000	19,530
Special events	4,415	2,585
Bequests	-	168,778
In-kind contributions	64,734	13,676
Net assets released from donor restrictions	39,315	9,735
Total contributions and other support	2,250,198	3,275,660
Revenues		
Production services	8,723	30,650
Rental income	67,744	66,358
Gain on disposal of property, plant and equipment	-	2,000
Paycheck Protection Program loan income	178,617	178,617
Employee Retention Tax Credit income	108,387	-
Miscellaneous	4,667	9,135
	368,138	286,760
Total support and revenues	2,618,336	3,562,420

(The accompanying notes are an integral part of these statements.)

	<u>2022</u>	<u>2021</u>
Expenses		
Program services	\$ 1,987,367	\$ 1,998,968
Fundraising	294,537	268,501
Management and general	<u>331,904</u>	<u>300,632</u>
	<u>2,613,808</u>	<u>2,568,101</u>
 Increase in net assets without donor restrictions	 <u>4,528</u>	 <u>994,319</u>
 NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	-	65,000
Net assets released from donor restrictions	<u>(39,315)</u>	<u>(9,735)</u>
 Increase (decrease) in net assets with donor restrictions	 <u>(39,315)</u>	 <u>55,265</u>
 INCREASE (DECREASE) IN NET ASSETS	 <u>(34,787)</u>	 <u>1,049,584</u>
 NET ASSETS		
Beginning	<u>3,817,962</u>	<u>2,768,378</u>
 Ending	 <u>\$ 3,783,175</u>	 <u>\$ 3,817,962</u>

(The accompanying notes are an integral part of these statements.)

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	<u>Program Services</u>					<u>Fundraising</u>					<u>Total</u>
	<u>Production</u>	<u>Programming</u>	<u>Technical</u>	<u>Underwriting</u>	<u>Education</u>	<u>Public Information</u>	<u>Membership</u>	<u>Special Events</u>	<u>Major Giving</u>	<u>Management and General</u>	
Salaries	\$ 251,200	\$ 70,481	\$ 139,496	\$ 29,443	\$ 42,860	\$ 26,722	\$ 61,690	\$ -	\$ 101,283	\$ 165,878	\$ 889,053
Employee benefits	38,959	12,498	13,523	1,856	5,892	1,465	8,747	-	4,247	21,624	108,811
Payroll taxes	18,369	4,980	11,556	2,238	3,228	1,919	4,607	-	7,470	12,352	66,719
Professional services	36,900	42,216	8,690	1,801	13,493	865	9,232	-	1,801	16,462	131,460
Dues	6,640	12,213	9,431	717	200	39	9,094	-	1,577	44,126	84,037
Program acquisitions	-	523,314	-	-	-	-	-	-	-	-	523,314
Communications	2,337	22,431	17,952	467	467	221	4,533	-	467	2,792	51,667
Postage and shipping	42	-	99	-	-	-	2,003	-	490	649	3,283
Rental	1,333	477	589	266	766	6,130	1,066	11,941	1,266	1,168	25,002
Interest	25,737	12,752	3,855	482	3,812	437	722	-	1,047	8,931	57,775
Maintenance	20,946	1,037	8,996	306	2,289	301	422	-	638	5,266	40,201
Utilities	36,118	2,409	39,375	676	5,350	623	1,005	-	1,470	12,540	99,566
Printing and publications	128	222	203	-	61	-	7,430	1,723	556	1,157	11,480
Supplies	5,508	544	923	1,292	2,463	135	813	4,333	596	7,226	23,833
Meetings, travel	1,810	98	1,725	206	1,485	59	303	1,856	792	9,755	18,089
Advertising and promotion	-	-	-	-	-	47,560	2,000	-	3,554	-	53,114
Premiums/acquisitions	-	-	-	-	-	-	15,173	-	-	-	15,173
Casualty insurance	20,505	1,368	3,059	380	3,037	402	525	-	835	7,151	37,262
Depreciation	160,325	4,649	157,494	1,501	10,682	2,002	4,319	-	3,187	11,869	356,028
Vehicle expense	939	-	572	-	-	-	-	-	-	-	1,511
Miscellaneous	2,130	-	1,472	146	-	-	8,457	354	913	2,958	16,430
	<u>\$ 629,926</u>	<u>\$ 711,689</u>	<u>\$ 419,010</u>	<u>\$ 41,777</u>	<u>\$ 96,085</u>	<u>\$ 88,880</u>	<u>\$ 142,141</u>	<u>\$ 20,207</u>	<u>\$ 132,189</u>	<u>\$ 331,904</u>	<u>\$ 2,613,808</u>

(The accompanying notes are an integral part of these statements.)

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	<u>Program Services</u>					<u>Fundraising</u>					<u>Total</u>
	<u>Production</u>	<u>Programming</u>	<u>Technical</u>	<u>Underwriting</u>	<u>Education</u>	<u>Public Information</u>	<u>Membership</u>	<u>Special Events</u>	<u>Major Giving</u>	<u>Management and General</u>	
Salaries	\$ 245,702	\$ 68,118	\$ 159,779	\$ 46,644	\$ 47,213	\$ 28,380	\$ 56,978	\$ -	\$ 99,870	\$ 174,442	\$ 927,126
Employee benefits	33,842	10,092	20,739	2,184	8,414	1,448	8,766	-	4,165	21,823	111,473
Payroll taxes	17,282	5,558	11,190	3,432	3,218	1,912	4,075	-	7,404	12,362	66,433
Professional services	23,671	15,866	18,703	8,576	13,148	473	5,350	-	2,505	11,323	99,615
Dues	6,925	16,628	9,183	610	35	23	14,445	-	1,237	26,304	75,390
Program acquisitions	-	530,740	-	-	-	-	-	-	-	-	530,740
Communications	3,535	22,696	1,702	767	672	195	4,901	-	707	3,716	38,891
Postage and shipping	76	1	36	-	-	-	1,881	-	259	685	2,938
Rental	1,388	443	666	279	277	69	278	-	278	1,110	4,788
Interest	28,454	14,526	4,632	610	4,119	145	1,127	-	1,151	9,121	63,885
Maintenance	25,915	1,315	31,394	753	2,604	294	1,036	-	902	3,356	67,569
Utilities	32,080	2,099	36,539	677	4,664	159	1,272	-	1,299	10,394	89,183
Printing and publications	107	82	148	95	2	-	5,410	787	1,631	306	8,568
Supplies	11,941	506	5,851	368	9,120	77	317	966	516	4,377	34,039
Meetings, travel	1,425	212	1,402	444	55	37	101	723	567	1,299	6,265
Advertising and promotion	-	-	-	-	3,434	5,000	-	28	-	-	8,462
Premiums/acquisitions	-	-	-	-	-	-	18,281	-	-	-	18,281
Casualty insurance	20,332	1,356	3,032	400	3,013	88	809	-	827	6,890	36,747
Depreciation	161,448	4,447	152,397	1,436	8,364	1,915	4,131	-	3,049	11,353	348,540
Vehicle expense	214	-	175	-	-	-	-	-	-	-	389
Miscellaneous	9,497	-	6,587	452	-	-	9,296	313	863	1,771	28,779
	<u>\$ 623,834</u>	<u>\$ 694,685</u>	<u>\$ 464,155</u>	<u>\$ 67,727</u>	<u>\$ 108,352</u>	<u>\$ 40,215</u>	<u>\$ 138,454</u>	<u>\$ 2,817</u>	<u>\$ 127,230</u>	<u>\$ 300,632</u>	<u>\$ 2,568,101</u>

(The accompanying notes are an integral part of these statements.)

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (34,787)	\$ 1,049,584
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Depreciation	356,028	348,540
Forgiveness of Paycheck Protection Program loan	(178,617)	(178,617)
Gain on disposal of property, plant and equipment	-	(2,000)
Net (increase) decrease in operating assets		
Accounts receivable	8,257	(27,711)
Prepaid expenses	(3,265)	(15,365)
Net increase (decrease) in operating liabilities		
Accounts payable	(36,873)	489
Accrued compensation, benefits and withholdings	(38,273)	32,420
Deferred revenue	28,366	(40,450)
Rental deposits	(790)	-
	<u>100,046</u>	<u>1,166,890</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(56,250)</u>	<u>(479,128)</u>
Net cash used by investing activities	<u>(56,250)</u>	<u>(479,128)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	-	178,617
Payments on notes payable	<u>(131,803)</u>	<u>(133,215)</u>
Net cash provided (used) by financing activities	<u>(131,803)</u>	<u>45,402</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>\$ (88,007)</u>	<u>\$ 733,164</u>

(The accompanying notes are an integral part of these statements.)

	<u>2022</u>	<u>2021</u>
CASH AND CASH EQUIVALENTS		
Beginning	\$ 866,251	\$ 133,087
Net increase (decrease) in cash and cash equivalents	<u>(88,007)</u>	<u>733,164</u>
Ending	<u>\$ 778,244</u>	<u>\$ 866,251</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during year for interest	<u>\$ 57,775</u>	<u>\$ 63,885</u>
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(The accompanying notes are an integral part of these statements.)

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Corporation

The Greater Chattanooga Public Television Corporation (the Corporation) is a nonprofit corporation providing public and educational broadcast services to the Greater Chattanooga area. The Corporation operates a noncommercial public television station, WTCI – Chattanooga, which is affiliated with the Public Broadcasting Service.

Basis of presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958-205, Not-for-Profit Entities, Presentation of Financial Statements.

The financial statements of the Corporation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities. In accordance with current guidance, the Corporation is reporting information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is received. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a 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.

Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported support, revenues, and expenses. Actual results could vary from the estimates that were used.

Accounting pronouncements adopted

The Corporation implemented ASU 2014-09 using a full retrospective method of application. The adoption of ASU 2014-09 resulted in changes to the disclosure of revenue. There were no material changes to the recognition or presentation of revenue as a result of the application of ASU 2014-09. As a result, no cumulative effect adjustment was recorded upon adoption.

Revenue recognition

Revenue from Exchange Transactions: The Corporation recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Corporation records the following exchange transaction revenue in its statements of activities for the years ended June 30, 2022 and 2021:

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Production services

The Corporation performs services including writing, producing, and editing material to create and produce local programs for broadcast on-air for regional and national distribution. Revenues are recognized when services are completed and delivered to the customer.

Program underwriting

Underwriting revenues include amounts received in exchange for recognition within the Corporation's television or digital programming. The Corporation recognizes underwriting revenues on a pro rata basis over the period the underwriting contract covers.

Special events

The Corporation conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant of the event – the exchange component, and a portion represents contribution to the Corporation. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Corporation. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs of the special events, which ultimately benefit the donor rather than the Corporation, are recorded as fundraising costs in the statement of functional expenses. The performance obligation is delivery of the event. The event fee is set by the Corporation. FASB ASU 2014-09 requires allocation of the transaction price to the performance obligation. Accordingly, the Corporation presents in its notes to the financial statements the exchange and contribution components of the gross proceeds from special events. Special event fees collected by the Corporation in advance of its delivery are initially recognized as liabilities (deferred revenue) and recognized as special event revenue after delivery of the event.

Studio and tower rental

The Corporation leases studio space and tower use to customers. The Corporation recognizes these revenues on a pro rata basis over the life of the respective leases.

Grants from Government Agencies

The Corporation receives grants and contracts funding from various federal, state, and local governments to provide a variety of support for programs. Grant and government contract revenues are recognized in revenue when the conditions on which they depend are substantially met (for example, by incurring allowable costs or providing units of service). If there are no conditions, the grant revenue is recognized when the grantor informs the Corporation of its promise of the unconditional grant.

In-kind contributions and donated personal services

Donated personal services are recognized as contributions in accordance with current standards if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Corporation. Numerous volunteers provided services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under these standards were not met.

Donated services that do not represent personal services are actually donated "goods" and should be treated as gifts-in-kind, rather than as contributed services. These contributions and other noncash donations are valued at estimated fair value at the time of the donation.

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pledges and promises to give

The Corporation engages in periodic fundraising campaigns manifested by offering some special television programs and on-air and mail fundraising appeals. These appeals encourage supporters, both individuals and corporations, to provide financial contributions to the Corporation for enhancement of program offerings and other operating expenses. Financial contributions are frequently evidenced by pledges received from responding viewers. However, as uncollected pledges are not enforceable against contributors, they are neither shown as assets on the statement of financial position nor as revenue on the statement of activities. Contributions and collected pledges are components of the unrestricted operating fund inasmuch as their usage is not limited to specific activities of the Corporation. This usage is consistent with appeals for contributions and pledges.

Property, equipment and depreciation

It is the Corporation's policy to consider donations of long-lived assets, unless otherwise restricted by the donor, as support without donor restrictions at the date they are placed in service. These assets are recorded as contributions at their estimated fair value at the time of the donation.

Contributions for the acquisition of long-lived assets are reported as support with donor restrictions until the asset is placed in service and/or any time restrictions expire. Purchased assets are recorded at cost.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Depreciation expense of \$356,028 and \$348,540 was charged to operations for the years ended June 30, 2022 and 2021, respectively.

Cash equivalents

The Corporation considers all funds on deposit at financial institutions that have original maturities of three months or less to be cash equivalents.

Advertising

Advertising costs are expensed as incurred. Donated advertising costs are expensed at the estimated fair market value at the time of receipt. Advertising expense of \$53,114 and \$8,462 was charged to operations for the years ended June 30, 2022 and 2021, respectively.

Recent accounting pronouncement

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). This ASU requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the statement of financial position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the statement of activities and changes in net assets and the statement of cash flows will be substantially unchanged from the existing lease accounting guidance. The ASU is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Corporation is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

(2) LIQUIDITY

The Corporation's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are as follows:

	2022	2021
Cash and cash equivalents	\$ 778,244	\$ 866,251
Accounts receivable	43,445	51,702
Net assets with donor restrictions	(15,950)	(55,265)
 Financial assets available to meet cash needs for general expenditures within one year	 \$ 805,739	 \$ 862,688

As part of the Corporation'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 Corporation has an unsecured line of credit with First Horizon Bank in the amount of \$500,000. As of June 30, 2022 and 2021, there were no borrowings against this line.

(3) PROPERTY AND EQUIPMENT

The Corporation has purchased equipment using federal funds from the Public Telecommunications Facilities Program (PTFP). Accordingly, under the grant agreements, there is a lien against the equipment for ten years subsequent to the close out of the grant award.

Original Cost Equipment Description	Original Cost Lien of Equipment Purchased	Expiration Date
PTFP Grant No. 47-02-09183 Digital Television Equipment	\$ 258,773	September 2021

(4) COMPENSATED ABSENCES

Employees accrue annual leave using a ratio determined by years of full-time service. A maximum of 42 days may be accumulated, depending on years of full-time service. A provision has been made for compensated absences relative to annual leave. There was \$67,957 and \$81,584 accrued for compensated absences for the years ended June 30, 2022 and 2021, respectively.

(5) LINE OF CREDIT

The Corporation has an unsecured line of credit with First Horizon Bank in the amount of \$500,000 that matures in December 2023. As of June 30, 2022 and 2021, there were no borrowings against this line.

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

(6) NOTES PAYABLE

Notes payable consist of the following:

	2022	2021
Note to First Horizon Bank, payable in monthly installments of \$752, including interest at 5.15%, through August 2021, secured by vehicle	\$ -	\$ 2,323
Note to First Horizon Bank, payable in monthly installments of \$5,005, including interest at 3.59%, through May 2027, secured by real property	274,530	323,551
Note to First Horizon Bank, payable in monthly installments of \$10,599, including interest at 4.29%, through May 2032, secured by real property	1,027,956	1,108,415
	1,302,486	1,434,289
Less current maturities	135,037	131,976
	\$ 1,167,449	\$ 1,302,313

Maturities of notes payable are as follows:

For the year ending June 30, 2023		\$ 135,037
2024		141,833
2025		147,654
2026		153,715
2027		159,417
Thereafter		564,830
		\$ 1,302,486

(7) PAYCHECK PROTECTION PROGRAM LOAN

On April 18, 2020, the Corporation was granted a loan from First Horizon Bank in the amount of \$178,617, pursuant to the Paycheck Protection Program (PPP) of the Coronavirus Aid, Relief, and Economic Security Act, which was enacted March 27, 2020. This loan was forgiven during the year ended June 30, 2021, and is included in miscellaneous revenue in the accompanying statements of activities.

On February 22, 2021, the Corporation was granted a second loan from First Horizon Bank in the amount of \$178,617, pursuant to the Paycheck Protection Program (PPP) of the Coronavirus Aid, Relief, and Economic Security Act, which was enacted March 27, 2020. The loan was forgiven during the year ended June 30, 2022, and is included in miscellaneous revenue in the accompanying statements of activities.

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

(8) LEASE OBLIGATIONS

The Corporation has entered into operating leases for the rental of equipment. Minimum lease commitments under these leases are as follows:

For the year ending June 30, 2023	\$ 4,351
2024	<u>2,333</u>
	<u>\$ 6,684</u>

Rent expense related to these leases totaled \$4,661 for the years ended June 30, 2022 and 2021.

(9) TOWER RENTAL

The Corporation receives revenue for tower rental under five operating leases with remaining terms of two years. All of these leases have at least one five-year renewal period remaining. Rent revenue related to these rentals totaled \$33,753 and \$32,158 for the years ended June 30, 2022 and 2021, respectively.

Future minimum rentals under the above leases are as follows:

For the year ending June 30, 2023	<u>\$ 34,545</u>
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(10) RETIREMENT PLAN

The Corporation has a qualified retirement plan with 401(k) salary reduction plan. Employees must meet age and length of service requirements. The Corporation contributes a 3% safe harbor match to all eligible employees. Retirement expense for the years ended June 30, 2022 and 2021, was \$23,879 and \$25,065, respectively.

(11) FUNDING SOURCES

Corporation for Public Broadcasting

The Corporation of Public Broadcasting (CPB) is a private, nonprofit grant-making Corporation 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 recipients. Public broadcasters use these funds for purposes relating primarily to production and acquisition of programming. Also, the Grants may be used to sustain activities begun with Community Service Grants awarded in prior years.

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

(11) FUNDING SOURCES (continued)

Corporation for Public Broadcasting (continued)

The Grants are reported on the accompanying financial statements as unrestricted operating funds; however, certain guidelines must be satisfied in connection with the application for and use of the Grants to maintain eligibility and compliance requirements. The guidelines pertain to the use of Grant funds, recordkeeping, audits, financial reporting, and licensee status with the Federal Communications Commission.

The Corporation received additional CPB funding related to the American Rescue Plan Act in the amount of \$472,792 for the year ended June 30, 2021.

State appropriation

Funds received from the Tennessee Board of Education are in the form of a direct appropriation. Funding for this appropriation must be approved each year by the state.

(12) SPECIAL EVENT REVENUE

Gross receipts from special fundraising events recorded by the Corporation consist of exchange transaction revenue and contribution revenue. Special event revenue for the years ended June 30, 2022 and 2021, were comprised completely of special event revenue.

(13) FUNCTIONAL ALLOCATION OF EXPENSES

The cost 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 the programs and supporting services benefited. The basis of allocation of these expenses is the result of a time study. The percentage of time allocated to each of the programs and the supporting functions is based on the results of the time studies and is applied to the expenses that are allocated. The financial statements report expenses by function in the statements of functional expenses.

(14) RESTRICTION OF NET ASSETS

Net assets with donor restrictions are available for the following purposes:

	<u>2022</u>	<u>2021</u>
Purpose restriction:		
Stronger Together grant	\$ 10,950	\$ 50,265
I Want to Know grant	<u>5,000</u>	<u>5,000</u>
	<u>\$ 15,950</u>	<u>\$ 55,265</u>

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

(15) INCOME TAXES

The Corporation is a tax-exempt not-for-profit entity under Section 501(c)(3) of the Internal Revenue Code and, except for taxes pertaining to unrelated business income, is exempt from federal and state income taxes. The Corporation has unrelated business income under Section 511 of the Internal Revenue Code. This income arises from production services and studio and tower rental.

The Corporation does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for uncertain tax positions. For the years ended June 30, 2022 and 2021, there were no interest or penalties recorded or included in its financial statements. Federal and Tennessee tax and information returns for tax years 2018 and beyond remain subject to examination.

(16) RISKS AND UNCERTAINTIES

During March 2020, a global pandemic was declared related to the rapidly growing outbreak of a novel strain of coronavirus (COVID-19). The pandemic has significantly impacted the economic conditions across the nation as federal, state, and local governments react to the public health crisis, creating significant uncertainties in the economy. This situation is rapidly changing, and additional impacts may arise. While the disruption is currently expected to be temporary, there is uncertainty around its duration. The ultimate future impact, if any, of the pandemic on results of operations, financial position, liquidity or capital resources cannot be reasonably estimated at this time.

(17) EMPLOYEE RETENTION TAX CREDIT

The Employee Retention Tax Credit (ERTC) was introduced as part of the CARES Act. The ERTC is designed to encourage employers to maintain employees on their payroll despite experiencing economic hardship due to the COVID-19 pandemic. The ERTC works as a refundable payroll tax credit and is based on a percentage of payroll paid during the year. Specific eligibility requirements are applicable under the language of the CARES Act and subsequent legislative packages. Pursuant to these requirements, the Organization has met all eligibility requirements to obtain the ERTC and has received refundable credits for the year ended June 30, 2022, based on the applicable percentages of wages paid.

In the absence of specific U.S. required accounting guidance at the date of report release, the Organization has recorded the credits consistent with International Accounting Standards 20, Accounting for Government Grants and Disclosure of Government Assistance. For the year ended June 30, 2022, refundable credits of \$108,387 are included in revenues on the statements of activities.

(18) SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 7, 2022, the date which these financial statements were available for issue.

SUPPLEMENTAL INFORMATION

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2022

<u>Program</u>	<u>CFDA Number</u>	<u>Contract Number</u>	<u>Receivable Balance 07/01/21</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Receivable Balance 06/30/22</u>
<u>FEDERAL FINANCIAL AWARDS</u>						
U.S. Department of Education						
Passed through the State of TN						
Education Stabilization						
Fund Program - GEER	84.425	N/A	\$ -	\$ 124,500	\$ 124,500	\$ -
TOTAL FEDERAL EXPENDITURES			\$ -	\$ 124,500	\$ 124,500	\$ -
<u>STATE FINANCIAL AWARDS</u>						
TN Department of Education						
TN Board of Education	N/A	N/A	\$ -	\$ 430,793	\$ 430,793	\$ -
TOTAL STATE EXPENDITURES			\$ -	\$ 430,793	\$ 430,793	\$ -

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

The Schedule of Expenditures of Federal and State Awards is prepared on the accrual basis of accounting.



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 of
The Greater Chattanooga Public Television Corporation**

We have audited, 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, the financial statements of The Greater Chattanooga Public Television Corporation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year ended, and the related notes to the financial statements, and have issued our report thereon dated October 7, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Greater Chattanooga Public Television Corporation'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 an opinion on the effectiveness of The Greater Chattanooga Public Television Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Greater Chattanooga Public Television Corporation's 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 determination of financial statement amounts. 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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Johnson, Niskey & Meacham, P.C.

Chattanooga, Tennessee
October 7, 2022

**THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2022 AND 2021**

FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED *GOVERNMENT AUDITING STANDARDS*

Current Year Finding

None

Prior Year Finding

None

