

**THE GREATER CHATTANOOGA PUBLIC
TELEVISION CORPORATION**

Chattanooga, Tennessee

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Years ended June 30, 2024 and 2023

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, 2024

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
Linda McReynolds	Director of Development

BOARD MEMBERS

Julie Brandao	Chair
Cindy Todd	Vice Chair
David Barrett	Treasurer
Florence Pipkins	Secretary
Daniel Fell	Past Chair
Cole Powell	Non-Voting Member
Bruce Stewart	Board Emeritus
Deborah Arfken	Director
Jo Coke	Director
James Fedusenko	Director
Jeffrey Gefter	Director
Yousef Hamadeh	Director
Bonnie Hathcock	Director
Kerry Hayes	Director
Paula Henderson	Director
Sheryl Jagers	Director
David Martin	Director
Chloe Morrison	Director
Azurae Redmond	Director
Adam Schreader	Director
T.D. Scott	Director
Jim Tanner	Director
Martin Trimiew	Director

JHM Chattanooga
2215 Olan Mills Drive
Chattanooga, TN 37421
T: 423.756.0052
F: 423.267.5945
jhmcpa.com



JHM Cleveland
1040 William Way NW
Cleveland, TN 37312
T: 423.472.6543
F: 423.472.6544
jhmcpa.com

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, 2024 and 2023, 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, 2024 and 2023, 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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.

Supplementary Information

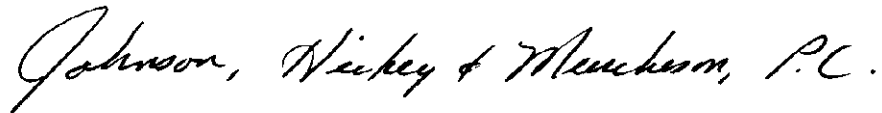
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the 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.

Management is responsible for the other information included in the annual report. The other information comprises the roster of management and board members but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and, we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2024, 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.



Chattanooga, Tennessee
October 23, 2024

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

ASSETS

	2024	2023
CURRENT ASSETS		
Cash and cash equivalents	\$ 911,389	\$ 633,860
Accounts receivable	53,164	50,177
Prepaid expenses	40,309	73,839
Total current assets	1,004,862	757,876
 PROPERTY, PLANT AND EQUIPMENT		
Land	251,000	251,000
Buildings and improvements	4,014,822	3,826,061
Equipment, furniture and fixtures	5,391,793	5,715,249
Vehicles	91,192	55,311
	9,748,807	9,847,621
Less accumulated depreciation	5,555,445	5,793,495
	4,193,362	4,054,126
 OTHER ASSETS		
	-	11,000
 TOTAL ASSETS		
	\$ 5,198,224	\$ 4,823,002

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

LIABILITIES AND NET ASSETS

	<u>2024</u>	<u>2023</u>
CURRENT LIABILITIES		
Current maturities of notes payable	\$ 146,483	\$ 140,520
Accounts payable	113,318	17,942
Accrued compensation, benefits and withholdings	120,605	115,501
Deferred revenue	<u>15,203</u>	<u>25,047</u>
Total current liabilities	<u>395,609</u>	<u>299,010</u>
LONG-TERM LIABILITIES		
Notes payable, less current maturities shown above	880,887	1,027,139
Rental deposits	<u>3,045</u>	<u>3,045</u>
	<u>883,932</u>	<u>1,030,184</u>
NET ASSETS		
Without donor restrictions	3,901,994	3,458,851
With donor restrictions	<u>16,689</u>	<u>34,957</u>
	<u>3,918,683</u>	<u>3,493,808</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,198,224</u>	<u>\$ 4,823,002</u>

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

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Support		
Corporation for Public Broadcasting	\$ 869,550	\$ 823,027
Government Grants		
Grant from City of Chattanooga	-	80,000
Tennessee Board of Education	1,264,126	430,793
U.S. Department of Education	-	109,500
Grants - FCC Repack	-	2,083
Other grants	70,082	9,200
Membership	348,534	356,109
Major giving	169,102	126,063
Underwriting	123,426	118,013
Education	42,192	8,000
Special events	33,804	1,735
Bequests	117,014	3,933
In-kind contributions	43,662	46,221
Net assets released from donor restrictions	48,268	43,993
Total contributions and other support	3,129,760	2,158,670
Revenues		
Production services	21,340	27,510
Rental income	114,115	89,867
Advertising income	5,300	10,450
Loss on disposal of property, plant and equipment	(7,448)	(133)
Interest income	42,072	7,345
Miscellaneous	9,184	6,291
Total support and revenues	184,563	141,330
Total support and revenues	3,314,323	2,300,000

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

	<u>2024</u>	<u>2023</u>
Expenses		
Program services	\$ 2,058,153	\$ 2,016,875
Fundraising	403,420	243,191
Management and general	<u>409,607</u>	<u>348,308</u>
	<u>2,871,180</u>	<u>2,608,374</u>
Increase (decrease) in net assets without donor restrictions	<u>443,143</u>	<u>(308,374)</u>
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	30,000	63,000
Net assets released from donor restrictions	<u>(48,268)</u>	<u>(43,993)</u>
Increase (decrease) in net assets with donor restrictions	<u>(18,268)</u>	<u>19,007</u>
CHANGE IN NET ASSETS	424,875	(289,367)
NET ASSETS		
Beginning	<u>3,493,808</u>	<u>3,783,175</u>
Ending	<u>\$ 3,918,683</u>	<u>\$ 3,493,808</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, 2024

	<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	\$ 285,745	\$ 89,233	\$ 136,858	\$ 49,005	\$ 75,424	\$ 27,967	\$ 71,654	\$ -	\$ 138,794	\$ 185,774	\$ 1,060,454
Employee benefits	37,684	8,235	10,551	878	7,990	335	6,575	-	2,681	17,993	92,922
Payroll taxes	21,162	6,518	10,081	3,871	5,707	2,088	5,326	-	10,280	13,987	79,020
Professional services	31,923	44,293	4,355	2,828	2,174	4,328	11,069	7,625	1,828	18,617	129,040
Dues	6,380	14,933	9,845	741	667	104	13,779	-	578	52,278	99,305
Program acquisitions	-	520,769	-	-	-	-	-	-	-	-	520,769
Communications	2,389	24,396	9,849	477	477	477	5,957	-	477	2,867	47,366
Postage and shipping	-	-	95	18	13	-	8,986	238	772	334	10,456
Rental	1,395	502	474	1,864	1,779	279	6,281	3,891	279	1,179	17,923
Interest	19,236	8,781	3,445	228	2,925	228	504	-	804	11,277	47,428
Maintenance	24,134	1,643	14,171	285	3,655	285	629	-	1,004	14,090	59,896
Utilities	32,065	2,191	46,021	380	4,876	380	839	-	1,339	18,799	106,890
Printing and publications	122	172	194	85	1,159	-	9,775	4,364	687	456	17,014
Supplies	4,091	675	8,038	1,524	22,036	276	2,669	17,603	2,949	7,092	66,953
Meetings, travel	9,602	1,011	2,720	694	10,949	80	2,496	18,228	2,497	17,566	65,843
Advertising and promotion	-	-	-	-	3,000	16,662	38	4,588	-	-	24,288
Premiums/acquisitions	-	-	-	-	-	-	12,056	-	-	-	12,056
Casualty insurance	23,438	1,602	4,197	278	3,564	278	613	-	979	13,739	48,688
Depreciation	145,315	5,192	132,914	889	13,332	889	3,184	-	3,169	29,144	334,028
Vehicle expense	346	-	1,396	-	-	-	-	-	-	-	1,742
Miscellaneous	6,409	-	2,806	133	-	-	13,101	1,311	924	4,415	29,099
	<u>\$ 651,436</u>	<u>\$ 730,146</u>	<u>\$ 398,010</u>	<u>\$ 64,178</u>	<u>\$ 159,727</u>	<u>\$ 54,656</u>	<u>\$ 175,531</u>	<u>\$ 57,848</u>	<u>\$ 170,041</u>	<u>\$ 409,607</u>	<u>\$ 2,871,180</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, 2023

	<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	\$ 263,717	\$ 71,826	\$ 128,861	\$ 62,662	\$ 56,230	\$ 27,282	\$ 45,616	\$ 50	\$ 65,133	\$ 171,883	\$ 893,260
Employee benefits	38,904	11,141	11,577	1,492	7,499	348	3,544	-	1,141	18,869	94,515
Payroll taxes	19,257	5,287	9,806	4,635	4,110	2,031	3,388	-	5,239	12,838	66,591
Professional services	41,425	46,927	3,884	4,573	3,391	918	14,217	100	25,672	8,937	150,044
Dues	6,961	5,330	22,112	851	55	23	4,842	-	452	45,689	86,315
Program acquisitions	-	532,338	-	-	-	-	-	-	-	-	532,338
Communications	2,573	22,527	16,722	514	514	1,014	7,016	-	514	2,820	54,214
Postage and shipping	3	23	33	4	5	-	1,561	-	250	358	2,237
Rental	1,444	520	504	289	339	155	289	189	1,289	1,221	6,239
Interest	22,998	10,798	3,992	298	3,480	302	898	-	957	8,690	52,413
Maintenance	13,823	936	8,556	184	2,079	188	513	-	572	5,523	32,374
Utilities	38,513	2,623	43,839	500	5,826	508	1,497	-	1,602	14,572	109,480
Printing and publications	50	169	180	189	297	-	3,758	-	1,508	1,528	7,679
Supplies	3,527	498	1,211	558	6,232	99	3,144	4,313	862	6,571	27,015
Meetings, travel	5,070	355	1,122	1,542	2,402	90	371	5,828	338	8,693	25,811
Advertising and promotion	-	-	-	-	-	33,310	2,000	-	2,020	-	37,330
Premiums/acquisitions	-	-	-	-	-	-	13,340	-	-	-	13,340
Casualty insurance	23,851	1,632	4,266	280	3,626	280	972	-	997	9,535	45,439
Depreciation	140,998	4,857	156,077	832	12,225	832	2,979	-	2,965	27,266	349,031
Vehicle expense	3,136	-	1,216	-	-	-	-	-	-	-	4,352
Miscellaneous	2,250	-	1,472	65	-	-	9,980	136	1,139	3,315	18,357
	<u>\$ 628,500</u>	<u>\$ 717,787</u>	<u>\$ 415,430</u>	<u>\$ 79,468</u>	<u>\$ 108,310</u>	<u>\$ 67,380</u>	<u>\$ 119,925</u>	<u>\$ 10,616</u>	<u>\$ 112,650</u>	<u>\$ 348,308</u>	<u>\$ 2,608,374</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, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 424,875	\$ (289,367)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Depreciation	334,028	349,031
Loss on disposal of property, plant and equipment	7,448	133
Noncash asset contribution	(5,151)	-
Net (increase) decrease in operating assets		
Accounts receivable	(2,987)	(6,732)
Prepaid expenses	33,530	(27,434)
Net increase (decrease) in operating liabilities		
Accounts payable	95,376	5,629
Accrued compensation, benefits and withholdings	5,104	2,101
Deferred revenue	(9,844)	(17,119)
Rental deposits	-	2,310
	<u>882,379</u>	<u>18,552</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(468,861)	(28,110)
Proceeds from sale of assets	4,300	-
	<u>(464,561)</u>	<u>(28,110)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes payable	(140,289)	(134,826)
	<u>(140,289)</u>	<u>(134,826)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 277,529	\$ (144,384)

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

	<u>2024</u>	<u>2023</u>
CASH AND CASH EQUIVALENTS		
Beginning	\$ 633,860	\$ 778,244
Net increase (decrease) in cash and cash equivalents	<u>277,529</u>	<u>(144,384)</u>
Ending	<u>\$ 911,389</u>	<u>\$ 633,860</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during year for interest	<u>\$ 47,428</u>	<u>\$ 52,413</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, 2024 AND 2023

(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.

Revenue recognition

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, 2024 and 2023:

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.

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

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.

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.

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 \$334,028 and \$349,031 was charged to operations for the years ended June 30, 2024 and 2023, 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 \$24,288 and \$37,330 was charged to operations for the years ended June 30, 2024 and 2023, respectively.

Leasing activities

The Corporation has implemented FASB ASU 2016-02, Leases (Topic 842). Under Topic 842, a lessor records a lease as a sales-type, direct-financing, or operating. A lease is a sales type lease if any one of five criteria are met indicating that the lease effectively transfers control of the underlying asset to the lessee. If those five criteria are not met, but two additional criteria are both met, indicating that the lessor has transferred substantially all the risks and benefits of the underlying asset to the lessee, the lease is a direct-financing lease. All leases that are not sales-type or direct-financing leases are operating leases. The Corporation currently has no qualifying lease agreements.

Recent accounting pronouncements

Allowance for credit losses

In June 2016, the FASB issued guidance (FASB ASC 326), effective for fiscal years beginning after December 15, 2022, which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Corporation that are subject to the guidance in FASB ASC 326 were accounts receivable.

The Corporation adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements.

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

(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:

	2024	2023
Cash and cash equivalents	\$ 911,389	\$ 633,860
Accounts receivable	53,164	50,177
Net assets with donor restrictions	(16,689)	(34,957)
 Financial assets available to meet cash needs for general expenditures within one year	 \$ 947,864	 \$ 649,080

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, 2024 and 2023, 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 Equipment Purchased	Lien of 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 \$69,020 and \$66,443 accrued for compensated absences for the years ended June 30, 2024 and 2023, 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 2024. As of June 30, 2024 and 2023, there were no borrowings against this line.

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

(6) NOTES PAYABLE

Notes payable consist of the following:

	2024	2023
Note to First Horizon Bank, payable in monthly installments of \$5,005, including interest at 3.59%, through May 2027, secured by real property	\$ 171,021	\$ 223,706
Note to First Horizon Bank, payable in monthly installments of \$10,599, including interest at 4.29%, through May 2032, secured by real property	856,349	943,953
	1,027,370	1,167,659
Less current maturities	146,483	140,520
	\$ 880,887	\$ 1,027,139

Maturities of notes payable are as follows:

For the year ending June 30, 2025	\$ 146,483
2026	153,715
2027	160,177
2028	105,334
2029	109,943
Thereafter	351,718
	\$ 1,027,370

(7) LEASING ACTIVITIES

The Corporation leased office equipment on operating leases during the years ended June 30, 2024 and 2023. Rental payments included in rental expense in the statements of functional expenses totaled \$10,668 and \$5,238 for the years ended June 30, 2024 and 2023, respectively.

The Corporation leased a portion of its facilities to tenants under non-cancelable leases expiring at various dates through December 2025. Future minimum payments under non-cancelable operating leases consist of the following at June 30, 2024:

For the year ending June 30, 2025	\$ 5,756
2026	360
	\$ 6,116

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

(8) TOWER RENTAL

The Corporation receives revenue for tower rental under four operating leases with remaining terms of one year. All of these leases have at least one five-year renewal period remaining. Rent revenue related to these rentals totaled \$55,077 and \$34,646 for the years ended June 30, 2024 and 2023, respectively.

Future minimum rentals under the above leases are as follows:

For the year ending June 30, 2025	\$ <u>68,553</u>
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(9) 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 matches up to 3% for all eligible employees. Retirement expense for the years ended June 30, 2024 and 2023, was \$20,226 and \$20,188, respectively.

(10) FUNDING SOURCES

Corporation for Public Broadcasting

The Corporation for 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 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.

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.

(11) 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, 2024 and 2023, was comprised completely of exchange transaction revenue.

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

(12) 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.

(13) RESTRICTION OF NET ASSETS

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

	2024	2023
Purpose restriction:		
Stronger Together grant	\$ 6,488	\$ 24,028
PBS Kids Brand Refresh grant	-	8,000
Our Voices grant	10,000	-
I Want to Know grant	201	2,929
	\$ 16,689	\$ 34,957

(14) 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, 2024 and 2023, there were no interest or penalties recorded or included in its financial statements. Federal and Tennessee tax and information returns for tax years 2020 and beyond remain subject to examination.

(15) SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 23, 2024, the date which these financial statements were available for issue.

SUPPLEMENTARY INFORMATION

**THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2024**

Program	Assistance Listing Number	Contract Number	Receivable Balance 07/01/23	Cash Receipts	Expenditures	Receivable Balance 06/30/24
<u>STATE FINANCIAL AWARDS</u>						
TN Department of Education						
TN Board of Education	N/A	N/A	\$ -	\$ 1,264,126	\$ 1,264,126	\$ -
TOTAL STATE EXPENDITURES			\$ -	\$ 1,264,126	\$ 1,264,126	\$ -

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.

JHM Chattanooga
2215 Olan Mills Drive
Chattanooga, TN 37421
T: 423.756.0052
F: 423.267.5945
jhmcpa.com



JHM Cleveland
1040 William Way NW
Cleveland, TN 37312
T: 423.472.6543
F: 423.472.6544
jhmcpa.com

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, 2024, 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 23, 2024.

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.

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, Wickey & Meacham, P.C.

Chattanooga, Tennessee
October 23, 2024

**THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2024 AND 2023**

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

