

**THE GREATER CHATTANOOGA
PUBLIC TELEVISION CORPORATION**

Chattanooga, Tennessee

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

Years ended June 30, 2023 and 2022

JOHNSON, HICKEY & MURCHISON, P.C.

Certified Public Accountants

Chattanooga, Tennessee

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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

Daniel Fell Chair

Julie Brandao Vice Chair

Cole Powell Treasurer

Florence Pipkins Secretary

Deborah Arfken Director

David Barrett Director

Ryan Dunlap Director

James Fedusenko Director

Steve Gatlin Director

Jeffrey Geftter Director

Yousef Hamadeh Director

Jerre Haskew 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

Cindy Todd Director

Martin Trimiew Director

Edna Varner 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, 2023 and 2022, 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, 2023 and 2022, 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, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal 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. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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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 25, 2023, 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 A* sion Corporation's internal control over fi

Johnson, Wickey & Meucham, P.C.

Chattanooga, Tennessee
October 25, 2023

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

ASSETS

2023 2022

CURRENT ASSETS

Cash and cash equivalents \$ 778,244 633,860 \$ Accounts receivable 43,445 50,177 Prepaid expenses 46,405
73,839

Total current assets 757,876 868,094

PROPERTY, PLANT AND EQUIPMENT

Land 251,000 251,000 Buildings and improvements 3,826,061 3,806,533 Equipment, furniture and fixtures
5,715,249 5,991,866 Vehicles 55,311 55,311

10,104,710 9,847,621

Less accumulated depreciation 5,793,495 5,729,529 4,375,181 4,054,126

OTHER ASSETS 11,000 11,000 \$ 5,254,275 4,823,002 \$

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

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LIABILITIES AND NET ASSETS

2023 2022

CURRENT LIABILITIES

Current maturities of notes payable 140,520 \$ 135,037 \$ Accounts payable 17,942 12,313 Accrued
compensation, benefits and withholdings 115,501 113,400 Deferred revenue 25,047 42,166

Total current liabilities 299,010 302,916

LONG-TERM LIABILITIES

Notes payable, less current maturities shown above 1,027,139 1,167,449 Rental deposits 3,045 735

1,168,184 1,030,184

NET ASSETS

Without donor restrictions 3,458,851 3,767,225 With donor restrictions 34,957 15,950

3,783,175 3,493,808

\$ 5,254,275 4,823,002 \$

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

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THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2023 AND 2022

2023 2022

NET ASSETS WITHOUT DONOR RESTRICTIONS

Support

Corporation for Public Broadcasting 823,027 \$ 792,724 \$ Government Grants

Grant from City of Chattanooga 80,000 80,000 Tennessee Board of Education 430,793 430,793 U.S.

Department of Education 124,500 109,500

Grants - FCC Repack 71,730 2,083 Other grants 20,000 9,200 Membership 310,716 356,109 Major giving
132,190 126,063 Underwriting 166,081 118,013 Education 13,000 8,000 Special events 4,415 1,735

Bequests - 3,933 In-kind contributions 64,734 46,221 Net assets released from donor restrictions 39,315
43,993

Total contributions and other support 2,250,198 2,158,670

Revenues

Production services 8,723 27,510 Rental income 67,744 89,867 Advertising income - 10,450 Loss on
disposal of property, plant and equipment - (133) Paycheck Protection Program loan income 178,617 -
Employee Retention Tax Credit income 108,387 - Miscellaneous 4,667 13,636

368,138 141,330

Total support and revenues 2,618,336 2,300,000

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

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2023 2022

Expenses

Program services \$ 1,987,367 2,016,875 \$ Fundraising 294,537 243,191 Management and general 331,904
348,308

2,613,808 2,608,374

Increase (decrease) in net assets without donor restrictions (308,374) 4,528

NET ASSETS WITH DONOR RESTRICTIONS

Contributions - 63,000 Net assets released from donor restrictions (39,315) (43,993)

Increase (decrease) in net assets with donor restrictions (39,315) 19,007 **DECREASE IN NET**

ASSETS (34,787) (289,367)

NET ASSETS

Beginning 3,817,962 3,783,175 Ending \$ 3,783,175 3,493,808 \$

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

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THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 and 2022

2023 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Decrease in net assets (289,367) \$ (34,787) \$ Adjustments to reconcile decrease in net assets to net cash provided by operating activities		
Depreciation 349,031 356,028 Forgiveness of Paycheck Protection Program loan - (178,617) Loss on disposal of property, plant and equipment 133 - Net (increase) decrease in operating assets		
Accounts receivable (6,732) 8,257 Prepaid expenses (27,434) (3,265) Net increase (decrease) in operating liabilities		
Accounts payable 5,629 (36,873) Accrued compensation, benefits and withholdings 2,101 (38,273)		
Deferred revenue (17,119) 28,366 Rental deposits 2,310 (790)		

Net cash provided by operating activities 18,552 100,046

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment (56,250) (28,110) Net cash used by investing activities (28,110) (56,250)

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on notes payable (134,826) (131,803) Net cash used by financing activities (134,826) (131,803) **NET**

DECREASE IN CASH AND CASH EQUIVALENTS \$ (88,007) (144,384) \$

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

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2023 2022

CASH AND CASH EQUIVALENTS

Beginning 778,244 \$ 866,251 \$ Net decrease in cash and cash equivalents (144,384) (88,007) Ending 633,860

\$ 778,244 \$

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during year for interest 52,413 \$ 57,775 \$

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

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**THE GREATER CHATTANOOGA PUBLIC TELEVISION
CORPORATION NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

(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, 2023 and 2022:

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, 2023 AND 2022

(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.

(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 \$349,031 and \$356,028 was charged to operations for the years ended June 30, 2023 and 2022, 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 \$37,330 and \$53,114 was charged to operations for the years ended June 30, 2023 and 2022, respectively.

Change in accounting principle

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which supersedes existing guidance in *Topic 840, Leases*. The FASB subsequently issued the following additional ASUs, which amend and clarify Topic 842. Topic 842 amends both lessor and lessee accounting with the most significant change being the requirement for lessees to recognize right-of-use (ROU) assets and lease liabilities on the statement of financial position for operating leases. Under Topic 842, a lessee records a lease as a finance lease or operating lease.

The Corporation adopted FASB ASC 842 effective July 1, 2022, and has elected to apply the short-term lease exception to all leases with a term of one year or less and recognize the lease payments as lease cost on a straight-line basis over the lease term. The Corporation has also elected to apply the available practical expedients provided in the transition guidance without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the guidance as lease commencement.

As a result, adopting FASB ASC 842 had no impact on the prior year or current year financial statements since the Corporation's leases are all short-term operating leases.

**THE GREATER CHATTANOOGA PUBLIC TELEVISION
CORPORATION NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

(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:

2023 2022

Cash and cash equivalents \$ 778,244 633,860 \$ Accounts receivable 43,445 50,177 Net assets with donor restrictions (34,957) (15,950)

Financial assets available to meet cash needs for general expenditures within one year 649,080 \$ 805,739 \$

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, 2023 and 2022, 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 Lien of Equipment Expiration

Original Cost Equipment Description Purchased 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 \$66,443 and \$67,957 accrued for compensated absences for the years ended June 30, 2023 and 2022, 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, 2023 and 2022, there were no borrowings against this line.

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**THE GREATER CHATTANOOGA PUBLIC TELEVISION
CORPORATION NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

(6) NOTES PAYABLE

Notes payable consist of the following:

	2023	2022
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	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	1,027,956	943,953
	1,302,486	1,167,659
Less current maturities	140,520	135,037
	\$ 1,167,449	1,027,139 \$
Maturities of notes payable are as follows:		
For the year ending June 30, 2024	140,520 \$	
		2026 153,715
		2027 159,812
		2028 105,334
		Thereafter 460,624
		\$ 1,167,659

(7) PAYCHECK PROTECTION PROGRAM LOAN

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.

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**THE GREATER CHATTANOOGA PUBLIC TELEVISION
CORPORATION NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

(8) LEASING ACTIVITIES

The Corporation leased office equipment on operating leases during the years ended June 30, 2023 and 2022. Rental payments included in rental expense in the statements of functional expenses totaled \$5,238 and \$4,661 for the years ended June 30, 2023 and 2022, 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, 2023:

For the year ending June 30, 2024 5,220 \$ 2025 720

2026 360

\$ 6,300

(9) 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 \$34,646 and \$33,753 for the years ended June 30, 2023 and 2022, respectively.

Future minimum rentals under the above leases are as follows:

For the year ending June 30, 2024 62,053 \$

(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 matches up to 3% for all eligible employees. Retirement expense for the years ended June 30, 2023 and 2022, was \$20,188 and \$23,879, respectively.

(11) 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.

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THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

(11) FUNDING SOURCES (continued)

Corporation for Public Broadcasting (continued)

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.

(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, 2023 and 2022, 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:

2023 2022

Purpose restriction:

Stronger Together grant \$ 10,950 24,028 \$ PBS Kids Brand Refresh grant 8,000 - I Want to Know grant 2,929 5,000

\$ 15,950 34,957 \$

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**THE GREATER CHATTANOOGA PUBLIC TELEVISION
CORPORATION NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

(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, 2023 and 2022, there were no interest or penalties recorded or included in its financial statements. Federal and Tennessee tax and information returns for tax years 2019 and beyond remain subject to examination.

(16) 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.

(17) SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 25, 2023, the date which these financial statements were available for issue.

**THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2023**

**Assistance Receivable Receivable
Listing Contract Balance Cash Balance
Program Number Number 07/01/22 Receipts Expenditures 06/30/23**

FEDERAL FINANCIAL AWARDS

U.S. Department of Education

Passed through the State of TN

Education Stabilization

Fund Program - GEER 84.425 N/A \$ 109,500 - \$ 109,500 \$ - \$ **TOTAL FEDERAL**

EXPENDITURES \$ 109,500 - \$ 109,500 \$ - \$

STATE FINANCIAL AWARDS

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.

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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, 2023, 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 25, 2023.

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.

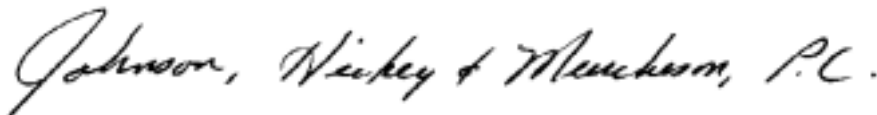
2215 Olan Mills Drive, Chattanooga, TN 37421 T 423.756.0052 | F 423.267.5945 jhmcpa.com 24

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.



Chattanooga, Tennessee
October 25, 2023

**THE GREATER CHATTANOOGA PUBLIC TELEVISION
CORPORATION SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2023 AND 2022**

**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

