

**ILLINOIS VALLEY PUBLIC
TELECOMMUNICATIONS CORPORATION**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019



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**ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
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YEARS ENDED JUNE 30, 2020 AND 2019**

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Illinois Valley Public Telecommunications Corporation
Peoria, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of Illinois Valley Public Telecommunications Corporation, which comprise the statements of financial position as of June 30, 2020 and 2019, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Trustees
Illinois Valley Public Telecommunications Corporation

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Illinois Valley Public Telecommunications Corporation as of June 30, 2020 and 2019, 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.

Emphasis of a Matter – Adoption of New Standard

As noted in Note 1 to the financial statements, Illinois Valley Public Telecommunications Corporation has adopted and Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Peoria, Illinois
September 23, 2020

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

| | 2020 | 2019 |
|---|--------------|--------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and Cash Equivalents | \$ 974,193 | \$ 471,788 |
| Current Portion of Receivables: | | |
| Pledges Receivable, Net Allowance of \$7,049 for 2020 and \$10,177 for 2019 | 165,034 | 179,903 |
| Accounts Receivables, Net Allowance of \$-0- for 2020 and \$31,388 for 2019 | 188,818 | 407,674 |
| Net Receivables | 353,852 | 587,577 |
| Inventory | 4,554 | 3,976 |
| Prepaid Expenses | 67,777 | 220,841 |
| Total Current Assets | 1,400,376 | 1,284,182 |
| PLEDGES RECEIVABLE , Net of Current Portion | - | 2,497 |
| INVESTMENTS | 1,529,952 | 1,573,191 |
| PROPERTY AND EQUIPMENT | | |
| Land | 524,557 | 524,557 |
| Transmitter Building and Improvements | 508,099 | 1,126,915 |
| Building and Improvements | 5,704,513 | 5,706,463 |
| Furniture, Fixtures, and Equipment | 6,539,565 | 6,484,752 |
| Total Property and Equipment | 13,276,734 | 13,842,687 |
| Less: Accumulated Depreciation and Amortization | 7,982,367 | 9,199,536 |
| Net Property and Equipment | 5,294,367 | 4,643,151 |
| Total Assets | \$ 8,224,695 | \$ 7,503,021 |

See accompanying Notes to Financial Statements.

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2020 AND 2019

| | 2020 | 2019 |
|--|--------------|--------------|
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | \$ 265,362 | \$ 377,482 |
| Current Maturities of Long-Term Debt | 101,861 | 97,631 |
| Accrued Expenses | 48,952 | 10,028 |
| Deferred Revenue | - | 172,159 |
| Total Current Liabilities | 416,175 | 657,300 |
| LONG-TERM LIABILITIES | | |
| Long-Term Debt, Less Current Maturities | 655,383 | 758,871 |
| Payroll Protection Program Loan, Less Current Maturities | 221,700 | - |
| Total Long-Term Liabilities | 877,083 | 758,871 |
| Total Liabilities | 1,293,258 | 1,416,171 |
| NET ASSETS | | |
| Without Donor Restrictions: | | |
| Undesignated | 5,381,514 | 4,493,786 |
| Board-Designated Endowment | 1,529,952 | 1,573,191 |
| Total Net Assets, Without Donor Restrictions | 6,911,466 | 6,066,977 |
| With Donor Restrictions | 19,971 | 19,873 |
| Total Net Assets | 6,931,437 | 6,086,850 |
| Total Liabilities and Net Assets | \$ 8,224,695 | \$ 7,503,021 |

See accompanying Notes to Financial Statements.

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

| | 2020 | | |
|--|-------------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| OPERATING REVENUE, GAINS, AND OTHER SUPPORT | | | |
| Contributions | 1,399,532 | \$ 98 | \$ 1,399,630 |
| Matching Contributions | 118,490 | - | 118,490 |
| In-Kind Contributions and Donated Services | 73,398 | - | 73,398 |
| Grants from Corporation for Public Broadcasting | 1,066,677 | - | 1,066,677 |
| State Grants | 95,470 | - | 95,470 |
| Other Grants | 13,000 | - | 13,000 |
| Auction Income | 14,580 | - | 14,580 |
| Underwriting Income | 193,986 | - | 193,986 |
| Contract Services | 196,964 | - | 196,964 |
| Satellite Services | 7,350 | - | 7,350 |
| Interest Income | 1,217 | - | 1,217 |
| Net Investment Income (Loss) | (32,742) | - | (32,742) |
| Lease Income | 249,432 | - | 249,432 |
| Special Events | 151,825 | - | 151,825 |
| WTVP Travels Tour | 363,950 | - | 363,950 |
| Miscellaneous | 14,762 | - | 14,762 |
| Total Revenue, Gains, and Other Support | <u>3,927,891</u> | <u>98</u> | <u>3,927,989</u> |
| OPERATING EXPENDITURES | | | |
| Program Services: | | | |
| Programming | 784,803 | - | 784,803 |
| Production | 309,436 | - | 309,436 |
| Broadcast Operations | 1,048,714 | - | 1,048,714 |
| Total Program Services | <u>2,142,953</u> | <u>-</u> | <u>2,142,953</u> |
| Supporting Services: | | | |
| Fundraising and Development | 651,469 | - | 651,469 |
| WTVP Travels Tour | 358,581 | - | 358,581 |
| Promotion | 84,194 | - | 84,194 |
| Management and General | 637,505 | - | 637,505 |
| Unrelated Business Services | 108,412 | - | 108,412 |
| Total Supporting Services | <u>1,840,161</u> | <u>-</u> | <u>1,840,161</u> |
| Total Expenditures | <u>3,983,114</u> | <u>-</u> | <u>3,983,114</u> |
| Change in Net Assets from Operating Activities | (55,223) | 98 | (55,125) |
| NONOPERATING REVENUE | | | |
| Capital Grants | 899,712 | - | 899,712 |
| Change in Net Assets from Nonoperating Activities | <u>899,712</u> | <u>-</u> | <u>899,712</u> |
| CHANGE IN NET ASSETS | 844,489 | 98 | 844,587 |
| Net Assets - Beginning of Year | <u>6,066,977</u> | <u>19,873</u> | <u>6,086,850</u> |
| NET ASSETS - END OF YEAR | <u>\$ 6,911,466</u> | <u>\$ 19,971</u> | <u>\$ 6,931,437</u> |

See accompanying Notes to Financial Statements.

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

| | 2019 | | |
|--|-------------------------------|----------------------------|--------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| OPERATING REVENUE, GAINS, AND OTHER SUPPORT | | | |
| Contributions | \$ 1,045,651 | \$ 177 | \$ 1,045,828 |
| Matching Contributions | 117,203 | - | 117,203 |
| In-Kind Contributions and Donated Services | 88,785 | - | 88,785 |
| Grants from Corporation for Public Broadcasting | 750,374 | - | 750,374 |
| State Grants | 91,255 | - | 91,255 |
| Other Grants | 33,000 | - | 33,000 |
| Auction Income | 88,190 | - | 88,190 |
| Underwriting Income | 139,325 | - | 139,325 |
| Contract Services | 22,433 | - | 22,433 |
| Satellite Services | 7,100 | - | 7,100 |
| Interest Income | 2,396 | - | 2,396 |
| Net Investment Income | 8,476 | - | 8,476 |
| Lease Income | 502,238 | - | 502,238 |
| Special Events | 40,438 | - | 40,438 |
| WTVP Travels Tour | 241,648 | - | 241,648 |
| Miscellaneous | 5,150 | - | 5,150 |
| Total Revenue, Gains, and Other Support | 3,183,662 | 177 | 3,183,839 |
| OPERATING EXPENDITURES | | | |
| Program Services: | | | |
| Programming | 671,436 | - | 671,436 |
| Production | 295,478 | - | 295,478 |
| Broadcast Operations | 803,274 | - | 803,274 |
| Total Program Services | 1,770,188 | - | 1,770,188 |
| Supporting Services: | | | |
| Fundraising and Development | 620,461 | - | 620,461 |
| WTVP Travels Tour | 225,270 | - | 225,270 |
| Promotion | 85,987 | - | 85,987 |
| Management and General | 498,091 | - | 498,091 |
| Unrelated Business Services | 122,503 | - | 122,503 |
| Total Supporting Services | 1,552,312 | - | 1,552,312 |
| Total Expenditures | 3,322,500 | - | 3,322,500 |
| Change in Net Assets from Operating Activities | (138,838) | 177 | (138,661) |
| NONOPERATING REVENUE | | | |
| Capital Grants | 332,254 | - | 332,254 |
| Change in Net Assets from Nonoperating Activities | 332,254 | - | 332,254 |
| CHANGE IN NET ASSETS | 193,416 | 177 | 193,593 |
| Net Assets - Beginning of Year | 5,873,561 | 19,696 | 5,893,257 |
| NET ASSETS - END OF YEAR | \$ 6,066,977 | \$ 19,873 | \$ 6,086,850 |

See accompanying Notes to Financial Statements.

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

| | Program Services | | | | Supporting Services | | | | | | |
|---|-------------------|-------------------|----------------------|------------------------|-----------------------------|-------------------|------------------|------------------------|-----------------------------|---------------------------|---------------------|
| | Programming | Production | Broadcast Operations | Total Program Services | Fundraising and Development | WTVP Travels Tour | Promotion | Management and General | Unrelated Business Services | Total Supporting Services | Total |
| Salaries and Payroll Taxes | \$ 150,101 | \$ 203,192 | \$ 222,401 | \$ 575,694 | 262,327 | \$ - | \$ 50,792 | \$ 291,839 | \$ - | \$ 604,958 | \$ 1,180,652 |
| Employee Benefits | 24,693 | 41,939 | 44,632 | 111,264 | 25,224 | - | 2,043 | 33,082 | - | 60,349 | 171,613 |
| Professional Services - Excluding In-Kind Contributions | - | 42,453 | 131,314 | 173,767 | 28,228 | - | 9,590 | 95,551 | - | 133,369 | 307,136 |
| Professional Services - In-Kind Contributions | - | - | 9,600 | 9,600 | 61,398 | - | - | 300 | - | 61,698 | 71,298 |
| Office Support | 1,647 | 11,882 | 18,251 | 31,780 | 25,554 | - | 1,044 | 18,041 | 3,788 | 48,427 | 80,207 |
| Communications | - | - | - | - | 92,185 | - | - | - | - | 92,185 | 92,185 |
| Postage and Shipping | - | - | - | - | 43,051 | - | 679 | 1,244 | - | 44,974 | 44,974 |
| Occupancy | - | - | 136,358 | 136,358 | - | - | - | 65,971 | - | 65,971 | 202,329 |
| FCC Repack Expenses | - | - | 61,636 | 61,636 | - | - | - | - | - | - | 61,636 |
| Rental and Maintenance of Equipment | 25,333 | 1,000 | 124,048 | 150,381 | 11,996 | - | - | 2,866 | 20,100 | 34,962 | 185,343 |
| Printing and Publications | - | - | - | - | 29,985 | - | - | - | - | 29,985 | 29,985 |
| Conferences, Meetings, and Travel | 2,252 | 2,461 | 2,893 | 7,606 | 4,685 | - | - | 18,401 | - | 23,086 | 30,692 |
| WTVP Travels Tour | - | - | - | - | - | 358,581 | - | - | - | 358,581 | 358,581 |
| Marketing | - | - | - | - | 55,309 | - | 19,207 | - | - | 74,516 | 74,516 |
| Dues and Program Rights | - | 1,509 | - | 1,509 | 6,788 | - | 119 | 23,164 | - | 30,071 | 31,580 |
| Program Acquisition | 580,439 | - | - | 580,439 | - | - | - | - | - | - | 580,439 |
| Interest | - | - | - | - | - | - | - | 33,382 | - | 33,382 | 33,382 |
| Provision for Uncollectible Pledges/Accounts | - | 2,000 | - | 2,000 | - | - | - | 12,317 | 78,058 | 90,375 | 92,375 |
| Miscellaneous | 338 | 1,226 | 5,553 | 7,117 | 4,739 | - | 720 | 40,865 | - | 46,324 | 53,441 |
| Total Expenditures Before Depreciation | 784,803 | 307,662 | 756,686 | 1,849,151 | 651,469 | 358,581 | 84,194 | 637,023 | 101,946 | 1,833,213 | 3,682,364 |
| Depreciation | - | 1,774 | 292,028 | 293,802 | - | - | - | 482 | 6,466 | 6,948 | 300,750 |
| Total Expenditures | <u>\$ 784,803</u> | <u>\$ 309,436</u> | <u>\$ 1,048,714</u> | <u>\$ 2,142,953</u> | <u>\$ 651,469</u> | <u>\$ 358,581</u> | <u>\$ 84,194</u> | <u>\$ 637,505</u> | <u>\$ 108,412</u> | <u>\$ 1,840,161</u> | <u>\$ 3,983,114</u> |

See accompanying Notes to Financial Statements.

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

| | Program Services | | | | Supporting Services | | | | | | | Total |
|---|------------------|------------|----------------------|------------------------|-----------------------------|-------------------|-----------|------------------------|-----------------------------|---------------------------|--------------|-------|
| | Programming | Production | Broadcast Operations | Total Program Services | Fundraising and Development | WTVP Travels Tour | Promotion | Management and General | Unrelated Business Services | Total Supporting Services | | |
| Salaries and Payroll Taxes | \$ 114,039 | \$ 182,066 | \$ 182,014 | \$ 478,119 | \$ 261,955 | \$ - | \$ 57,495 | \$ 130,651 | \$ 35,638 | \$ 485,739 | \$ 963,858 | |
| Employee Benefits | 19,307 | 31,035 | 25,083 | 75,425 | 22,569 | - | - | 8,338 | 9,166 | 40,073 | 115,498 | |
| Professional Services - Excluding In-Kind Contributions | - | 55,612 | 81,954 | 137,566 | 42,124 | - | 8,900 | 150,420 | - | 201,444 | 339,010 | |
| Professional Services - In-Kind Contributions | - | - | - | - | 76,594 | - | - | 12,191 | - | 88,785 | 88,785 | |
| Office Support | - | 21,603 | 19,334 | 40,937 | 31,387 | - | 7,889 | 3,870 | 7,790 | 50,936 | 91,873 | |
| Communications | - | - | - | - | 46,544 | - | - | - | - | 46,544 | 46,544 | |
| Postage and Shipping | - | - | - | - | 24,030 | - | 11,010 | - | - | 35,040 | 35,040 | |
| Occupancy | - | - | 139,515 | 139,515 | - | - | - | 53,736 | - | 53,736 | 193,251 | |
| FCC Repack Expenses | - | - | 716 | 716 | - | - | - | - | - | - | 716 | |
| Rental and Maintenance of Equipment | 12,466 | 223 | 88,880 | 101,569 | 25,458 | - | - | 55,761 | - | 81,219 | 182,788 | |
| Printing and Publications | - | - | - | - | 22,701 | - | - | - | - | 22,701 | 22,701 | |
| Conferences, Meetings, and Travel | - | 3,324 | - | 3,324 | 7,407 | - | - | 3,718 | 3,794 | 14,919 | 18,243 | |
| WTVP Travels Tour | - | - | - | - | - | 225,270 | - | - | - | 225,270 | 225,270 | |
| Marketing | - | - | - | - | 45,866 | - | 693 | - | - | 46,559 | 46,559 | |
| Dues and Program Rights | - | - | - | - | 2,999 | - | - | 21,855 | - | 24,854 | 24,854 | |
| Program Acquisition | 525,624 | - | - | 525,624 | - | - | - | - | - | - | 525,624 | |
| Interest | - | - | - | - | - | - | - | 40,514 | - | 40,514 | 40,514 | |
| Provision for Uncollectible Pledges/Accounts | - | - | - | - | - | - | - | - | 60,230 | 60,230 | 60,230 | |
| Miscellaneous | - | - | - | - | 10,827 | - | - | 16,599 | - | 27,426 | 27,426 | |
| Total Expenditures Before Depreciation | 671,436 | 293,863 | 537,496 | 1,502,795 | 620,461 | 225,270 | 85,987 | 497,653 | 116,618 | 1,545,989 | 3,048,784 | |
| Depreciation | - | 1,615 | 265,778 | 267,393 | - | - | - | 438 | 5,885 | 6,323 | 273,716 | |
| Total Expenditures | \$ 671,436 | \$ 295,478 | \$ 803,274 | \$ 1,770,188 | \$ 620,461 | \$ 225,270 | \$ 85,987 | \$ 498,091 | \$ 122,503 | \$ 1,552,312 | \$ 3,322,500 | |

See accompanying Notes to Financial Statements.

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

| | 2020 | 2019 |
|---|------------|------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | \$ 844,587 | \$ 193,593 |
| Adjustments to Reconcile Change in Net Assets to | | |
| Net Cash Provided by Operating Activities: | | |
| Depreciation | 300,750 | 273,716 |
| Net Unrealized Loss on Investments | 52,674 | 90,561 |
| In-kind donation of fixed assets | (2,100) | - |
| Effects of Changes in Operating Assets and Liabilities: | | |
| Net Receivables | 236,222 | (232,632) |
| Inventory | (578) | - |
| Prepaid Expenses | 153,064 | (78,321) |
| Accounts Payable | (112,120) | 219,503 |
| Accrued Expenses | 38,924 | (2,132) |
| Deferred Revenue | (172,159) | 50,068 |
| Net Cash Provided by Operating Activities | 1,339,264 | 514,356 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Capital Expenditures | (949,866) | (415,344) |
| Proceeds from Sale of Investments | 292,594 | 297,625 |
| Purchase of Investments, Including Reinvested Income | (302,029) | (337,919) |
| Net Cash Used by Investing Activities | (959,301) | (455,638) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Principal Payments on Long-Term Debt | (99,258) | (92,807) |
| Proceeds from Payroll Protection Program Loan | 221,700 | - |
| Net Cash Provided (Used) by Financing Activities | 122,442 | (92,807) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 502,405 | (34,089) |
| Cash and Cash Equivalents - Beginning of Year | 471,788 | 505,877 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 974,193 | \$ 471,788 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | |
| Cash Paid During the Year for Interest | \$ 34,062 | \$ 40,514 |

See accompanying Notes to Financial Statements.

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Illinois Valley Public Telecommunications Corporation (the Corporation) is an Illinois nonprofit corporation which operates a public television broadcasting facility (WTVP Channel 47) under a license granted by the Federal Communications Commission in Peoria, Illinois. Revenues are substantially generated as a result of contributions and grants. WTVP is a noncommercial television station whose mission statement is to be an institution of education, culture, and citizenship that uses television as its distribution medium.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, gains, and other support, expenditures, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Net Assets

Net assets are classified into two classes based on the existence or absence of donor-imposed restrictions. The following is a description of each class:

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions

Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported in the statements of activities as net assets released from restrictions.

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Revenue Recognition (Continued)

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions received with donor-imposed restrictions and the related gains and investment income that are met in the same year as received are reported as unrestricted revenues. Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported as unrestricted revenues. Contributions of cash or other assets to be used to acquire property and equipment with such donor stipulations are reported as temporarily restricted revenues; the restrictions are considered to be released at the time of acquisition of such long-lived assets. Contributions of assets other than cash are recorded at their estimated fair value.

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution, and nature of fundraising activity.

Contributions of donated noncash assets are recorded at their fair value in the period received.

The Corporation considers membership dues as contribution as exchange portion of membership dues is negligible. The Corporation recognizes revenue for membership fees for individual and visionary membership categories when received.

Cash Equivalents

For purposes of the cash flows statements, the Corporation considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents. Cash equivalents of \$974,193 and \$471,788 at June 30, 2020 and 2019, respectively, consist of money market funds and interest-bearing checking accounts. At times, the Corporation may have cash balances in excess of insured limits by the Federal Deposit Insurance Corporation.

Receivables

Pledges, accounts, and grants receivable are uncollateralized obligations to the Corporation. The carrying amount of pledges and accounts receivable is reduced by a valuation allowance that reflects management's best estimate of probable losses determined principally on the basis of historical experience.

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Investments

Investments from time to time may consist of certificates of deposit, municipal bonds, mutual funds, and money market funds. Certificates of deposit are stated at cost, which approximates their fair value. The fair values of municipal bonds, mutual funds, and money market funds are estimated based on quoted market prices for those of similar investments with unrealized holding gains and losses included in the statement of activities.

Property and Equipment

Property and equipment are recorded at cost or, in the case of donated property, at their estimated fair market value at date of gift. The Corporation has adopted a policy of capitalizing assets with values of \$2,500 or greater. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, which range from 3 to 50 years. Expenditures for repairs and maintenance are charged to operating expense as incurred.

Impairment of Long-Lived Assets

The Corporation reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

Deferred Revenue

Revenue is deferred to the extent of unexpended grant monies and for program underwriting and WTVP Travels Tour revenue which is recognized on a pro rata basis for the period covered.

In-Kind Contributions and Donated Services

In-kind contributions and donated services are recorded as revenue and expense in the accompanying statement of activities. In-kind contributions consist of donated equipment, inventory, equipment rental and use, and legal and other professional services. These donations are recorded at their approximate fair market value.

Income Taxes

The Corporation is exempt from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program and supporting services benefited based on total personnel costs or other systematic bases.

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Advertising Costs

Advertising costs are expensed as incurred.

WTVP Travels Tour

WTVP Travels Tour is a fundraising event generally consisting of two trips per year designed for the WTVP audience. Revenue and expenses are deferred and recognized for the period covered by the trip. At June 30, 2020 and 2019, prepaid expenses included \$-0- and \$176,588, respectively, related to WTVP Travels Tour. At June 30, 2020 and 2019, deferred revenue included \$-0- and \$157,159, respectively, related to WTVP Travels Tour.

Change in Accounting Principle

In June 2018, FASB issued Accounting Standards Update (ASU) 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The financial statements reflect the application of ASU 2018-08 beginning July 1, 2018. The new guidance does not require prior period results to be restated. The implementation of this standard did not significantly impact the Corporation's financial statements.

NOTE 2 LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure and other commitments, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following:

| | <u>2020</u> | <u>2019</u> |
|--------------------------------------|---------------------|---------------------|
| Cash and Cash Equivalents | \$ 974,193 | \$ 451,915 |
| Investments | 1,529,952 | 1,573,191 |
| Accounts and Pledge Receivables, Net | <u>353,852</u> | <u>619,465</u> |
| Total | <u>\$ 2,857,997</u> | <u>\$ 2,644,571</u> |

The net assets with donor restrictions are not included above as they are not considered available for general expenditure. The Corporation's investments at June 30, 2020 and 2019 are included in Note 4. Although the Corporation does not intend to spend from the investment portfolio, these amounts could be made available if necessary. Additionally, as part of the liquidity management plan, if necessary, the Corporation would invests cash in excess of daily requirements in short-term investments, CDs, and money market funds.

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 3 PLEDGES RECEIVABLE

Included in pledges receivable at June 30, 2020 and 2019 are the following promises to give:

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| Program Underwriting | \$ 7,695 | \$ 27,464 |
| Membership | 108,246 | 99,227 |
| Matching | 56,142 | 33,726 |
| Unrestricted Campaigns | - | 31,660 |
| Gross Promises to Give | <u>172,083</u> | <u>192,077</u> |
| Less: Allowance for Uncollectible Receivables | 7,049 | 9,677 |
| Net Promises to Give | <u>\$ 165,034</u> | <u>\$ 182,400</u> |

Membership and unrestricted campaign pledges have been discounted at a 3.77% annual rate of interest. Save Our Station pledges receivable represent temporarily restricted promises for specific debt service purposes. The following represents gross pledges receivable at June 30, 2020 that are expected to be collected in the following fiscal years:

NOTE 4 INVESTMENTS

Investments as of June 30, 2020 and 2019 are summarized as follows:

| | <u>2020</u> | <u>2019</u> |
|-------------------------|---------------------|---------------------|
| Certificates of Deposit | \$ 697,133 | \$ 661,241 |
| Municipal Bonds | 111,651 | 112,821 |
| Mutual Funds | 651,008 | 729,315 |
| Money Market Funds | 70,028 | 69,676 |
| Equity Securities | 132 | 138 |
| Total Investments | <u>\$ 1,529,952</u> | <u>\$ 1,573,191</u> |

Components of net investment income are as follows for the years ended June 30, 2020 and 2019:

| | <u>2020</u> | <u>2019</u> |
|------------------------------|--------------------|-----------------|
| Dividend and Interest Income | \$ 19,932 | \$ 99,037 |
| Unrealized Loss | (52,674) | (90,561) |
| Net Investment Income (Loss) | <u>\$ (32,742)</u> | <u>\$ 8,476</u> |

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 5 DEBT

At June 30, long-term debt consisted of the following:

| <u>Description</u> | <u>2020</u> | <u>2019</u> |
|--|-------------------|-------------------|
| Note payable to PNC Bank, bearing fixed interest at 4.50%. Monthly payments of principal and interest are \$7,732 with final balloon payment due November 1, 2022. Note is secured by a first mortgage and substantially all business assets. | \$ 651,706 | \$ 715,303 |
| Note payable to IFF, due February 2023. The note bears interest at 3.90% with monthly payments of principal and interest of \$3,374. Note is secured by a third mortgage and substantially all business assets. The note is subordinate to the lien of the PNC Bank senior mortgages originally totaling \$1,550,000 in principal. | <u>105,538</u> | <u>141,199</u> |
| Total | 757,244 | 856,502 |
| Less: Current Portion | <u>(101,861)</u> | <u>(97,631)</u> |
| Total | <u>\$ 655,383</u> | <u>\$ 758,871</u> |

Future maturities of long-term debt are as follows:

| <u>Year Ending June 30,</u> | <u>Amount</u> |
|-----------------------------|-------------------|
| 2021 | \$ 101,861 |
| 2022 | 106,309 |
| 2023 | <u>549,074</u> |
| Total | <u>\$ 757,244</u> |

The Corporation also had a \$300,000 revolving secured line of credit from PNC Bank for operating activities. Interest was based on PNC Bank's prime interest rate with interest payable monthly and maturity on March 31, 2021. This line of credit was secured by a second mortgage and a blanket lien on substantially all assets. No amounts were drawn against this note during fiscal year 2020 and 2019.

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
NOTES TO FINANCIAL STATEMENTS
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NOTE 6 PAYROLL PROTECTION PROGRAM LOAN

In April 2020, the Corporation received a loan from PNC in the amount of \$221,700 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the "PPP Loan"). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5, 2020) and was due over twenty-four months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Corporation fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, the Corporation will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in July 2021 principal and interest payments will be required through the maturity date in July 2023.

NOTE 7 LEASE INCOME

The Corporation is the lessor of a communications tower under an operating lease expiring November 5, 2022, with Verizon Wireless. The lease agreement provides monthly lease income of \$1,542 per month.

The Corporation is the lessor of a communications tower under a 13-year operating lease expiring on September 30, 2024, with the United States of America National Oceanic and Atmospheric Administration (NOAA). The lease agreement provides monthly lease income of \$540 per month for antenna space.

The Corporation is the lessor of a communications tower under a five-year operating lease expiring August 15, 2022, with IPCS Wireless, Inc. The agreement provides monthly lease income of \$5,400 per month for antenna space.

The Corporation is the lessor of a communications tower under a five-year operating lease expiring September 2023 with U.S. Cellular. The agreement provides monthly lease income of \$2,397 per month.

The Corporation is the lessor of a communications tower under a month-to-month operating lease with WCBU-FM. The lease agreement provides monthly lease income of \$2,500 per month, plus an additional charge for estimated electrical usage of approximately \$1,879 per month.

The Corporation is the lessor of a communications tower under a five-year operating lease expiring October 31, 2022, with New Cingular Wireless PCS, LLC. The lease agreement provides monthly lease income of \$1,944 per month.

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 7 LEASE INCOME (CONTINUED)

The Corporation is the lessor of commercial space at the main WTVP facility under a five-year lease expiring December 31, 2021, with Peoria Symphony Orchestra. The lease agreement provides monthly lease income of \$2,004, plus the tenant will also reimburse the Corporation monthly for 15.6% of utilities (water, sewer, gas, and electricity).

The Corporation is the lessor of a communications tower under a ten-year operating lease expiring August 2, 2022, with Peoria County ETSB. The lease agreement provides monthly lease income of \$495 per month.

Future minimum lease payments to be received under the operating leases and professional services agreement are as follows:

| <u>Year Ending June 30,</u> | <u>Amount</u> |
|-----------------------------|-------------------|
| 2021 | \$ 171,853 |
| 2022 | 159,829 |
| 2023 | 57,820 |
| 2024 | 13,665 |
| 2025 | 1,619 |
| Total | <u>\$ 404,786</u> |

NOTE 8 FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under accounting principles generally accepted in the United States of America are described as follows:

Basis of Fair Value Measurement

Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

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

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

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 8 FAIR VALUE MEASUREMENTS (CONTINUED)

Basis of Fair Value Measurement (Continued)

For the fiscal years ended June 30, 2020 and 2019, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Investment Securities

The fair value of equity securities, mutual funds, and municipal bonds is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use observable and/or unobservable inputs. The money market funds are valued at the net asset value of shares held by the Corporation at year-end.

Fair Value on a Recurring Basis

The table below presents the balances of investments measured at fair value on a recurring basis as of June 30, 2020 and 2019:

| | 2020 | | | Total |
|--------------------|-------------------|-------------------|-------------|-------------------|
| | Level 1 | Level 2 | Level 3 | |
| Investments: | | | | |
| Municipal Bonds | \$ - | \$ 111,651 | \$ - | \$ 111,651 |
| Mutual Funds | 651,008 | - | - | 651,008 |
| Equity Securities | 132 | - | - | 132 |
| Money Market Funds | 70,028 | - | - | 70,028 |
| Total Investments | <u>\$ 721,168</u> | <u>\$ 111,651</u> | <u>\$ -</u> | <u>\$ 832,819</u> |
| | | | | |
| | 2019 | | | Total |
| | Level 1 | Level 2 | Level 3 | |
| Investments: | | | | |
| Municipal Bonds | \$ - | \$ 112,821 | \$ - | \$ 112,821 |
| Mutual Funds | 729,315 | - | - | 729,315 |
| Equity Securities | 138 | - | - | 138 |
| Money Market Funds | 69,676 | - | - | 69,676 |
| Total Investments | <u>\$ 799,129</u> | <u>\$ 112,821</u> | <u>\$ -</u> | <u>\$ 911,950</u> |

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 9 CONCENTRATION OF CREDIT RISK

The Corporation receives a substantial amount of its support from the Corporation for Public Broadcasting and state government. If a significant reduction in the level of this support were to occur, it would have an adverse effect on the Corporation's programs and activities.

NOTE 10 COMMITMENTS

The Corporation leases office equipment under various operating lease agreements. The total minimum lease payments as of June 30, 2020 are due as follows:

| <u>Year Ending June 30,</u> | <u>Amount</u> |
|------------------------------|-----------------|
| 2021 | \$ 1,560 |
| 2022 | 130 |
| Total Minimum Lease Payments | <u>\$ 1,690</u> |

The total rental expense was \$990 and \$1,818 for the years ended June 30, 2020 and 2019, respectively.

NOTE 11 BOARD-DESIGNATED ENDOWMENT

The Corporation's board of trustees established an endowment fund whereby certain contributions and their earnings would remain intact. There is no legal restriction on the endowment since the donors did not specify contributions to be treated as such. At June 30, 2020 and 2019, the designated endowment funds totaled \$1,529,952 and \$1,573,191, respectively. Since the amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets.

The Corporation has a spending policy of appropriating for distribution each year up to 7% of its board-designated endowment principal balance valued at the date of distribution. In the event of a hardship, the Corporation can withdraw up to 20% of the restricted balance at the time of distribution.

The Corporation has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well-diversified asset mix, which includes certificates of deposit, checking account, municipal bonds, mutual funds, and money market funds. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed not to expose the fund to unacceptable levels of risk.

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 11 BOARD-DESIGNATED ENDOWMENT (CONTINUED)

Composition of and changes in endowment net assets for the years ended June 30, 2020 and 2019 are as follows:

| | 2020 | 2019 |
|---|--------------|--------------|
| Board-Designated Endowment Net Assets - | | |
| Beginning of Year | \$ 1,573,191 | \$ 1,623,458 |
| Withdrawals | - | (47,915) |
| Investment Income, Net of Fees | 9,435 | 88,209 |
| Net Depreciation | (52,674) | (90,561) |
| Board-Designated Endowment Net Assets - | | |
| End of Year | \$ 1,529,952 | \$ 1,573,191 |

NOTE 12 RISKS AND UNCERTAINTIES

The World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Corporation, COVID-19 may impact various parts of its 2021 operations and financial results, including potential loss of revenue due to a reduction in contributions and grants. Management believes the Corporation is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

NOTE 13 SUBSEQUENT EVENTS

Management evaluated subsequent events through September 23, 2020, the date the financial statements were available to be issued.