

**ILLINOIS VALLEY PUBLIC
TELECOMMUNICATIONS CORPORATION**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018



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**ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
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YEARS ENDED JUNE 30, 2019 AND 2018**

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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, 2019 and 2018, 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.

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, 2019 and 2018, 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 discussed in Note 1 to the financial statements, the Corporation adopted a recently issued accounting standard relating to the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Our opinion is not modified with respect to this matter.



CliftonLarsonAllen LLP

Peoria, Illinois
November 26, 2019

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 471,788	\$ 505,877
Current Portion of Receivables:		
Pledges, Net	179,903	157,457
Accounts, Net Allowance of \$31,388 for 2019 and \$0 for 2018	407,674	176,883
Net Receivables	587,577	334,340
Inventory, at Cost or Net Realizable Value (for Donations)	3,976	3,976
Prepaid Expenses	220,841	142,520
Total Current Assets	1,284,182	986,713
PLEDGES RECEIVABLE, Net of Current Portion	2,497	23,102
INVESTMENTS	1,573,191	1,623,458
PROPERTY AND EQUIPMENT		
Land	524,557	524,557
Transmitter Building and Improvements	1,126,915	1,126,915
Building and Improvements	5,706,463	5,706,463
Furniture, Fixtures, and Equipment	6,484,752	6,069,408
Total Property and Equipment	13,842,687	13,427,343
Less: Accumulated Depreciation and Amortization	9,199,536	8,925,820
Net Property and Equipment	4,643,151	4,501,523
 Total Assets	 \$ 7,503,021	 \$ 7,134,796

See accompanying Notes to Financial Statements.

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2019 AND 2018

	2019	2018
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 377,482	\$ 157,979
Current Maturities of Long-Term Debt	97,631	94,771
Accrued Expenses	10,028	12,160
Deferred Revenue	172,159	122,091
Total Current Liabilities	657,300	387,001
 LONG-TERM LIABILITIES		
Long-Term Debt, Less Current Maturities	758,871	854,538
Total Liabilities	1,416,171	1,241,539
 NET ASSETS		
Without Donor Restrictions:		
Undesignated	4,493,786	4,250,103
Board-Designated Endowment	1,573,191	1,623,458
Total Net Assets, Without Donor Restrictions	6,066,977	5,873,561
With Donor Restrictions	19,873	19,696
Total Net Assets	6,086,850	5,893,257
Total Liabilities and Net Assets	\$ 7,503,021	\$ 7,134,796

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 ACTIVITIES
YEAR ENDED JUNE 30, 2018

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE, GAINS, AND OTHER SUPPORT			
Contributions	\$ 1,194,499	\$ -	\$ 1,194,499
Matching Contributions	119,101	-	119,101
In-Kind Contributions and Donated Services	82,991	-	82,991
Grants from Corporation for Public Broadcasting	854,467	-	854,467
State Grants	93,655	-	93,655
Other Grants	48,209	-	48,209
Auction Income	89,670	-	89,670
Underwriting Income	122,973	-	122,973
Contract Services	41,339	-	41,339
Satellite Services	12,806	-	12,806
Interest Income	2,032	-	2,032
Net Investment Income	77,874	-	77,874
Lease Income	497,806	-	497,806
Special Events	32,770	-	32,770
WTVP Travels Tour	301,538	-	301,538
Miscellaneous	8,896	-	8,896
Net Assets Released from Restrictions	1,352	(1,352)	-
Total Revenue, Gains, and Other Support	<u>3,581,978</u>	<u>(1,352)</u>	<u>3,580,626</u>
OPERATING EXPENDITURES			
Program Services:			
Programming	704,237	-	704,237
Production	272,038	-	272,038
Broadcast Operations	789,215	-	789,215
Total Program Services	<u>1,765,490</u>	<u>-</u>	<u>1,765,490</u>
Supporting Services:			
Fundraising and Development	582,073	-	582,073
WTVP Travels Tour	283,485	-	283,485
Promotion	97,908	-	97,908
Management and General	509,526	-	509,526
Unrelated Business Services	93,067	-	93,067
Total Supporting Services	<u>1,566,059</u>	<u>-</u>	<u>1,566,059</u>
Total Expenditures	<u>3,331,549</u>	<u>-</u>	<u>3,331,549</u>
Change in Net Assets from Operating Activities	250,429	(1,352)	249,077
NONOPERATING REVENUE			
Capital Grants	<u>9,799</u>	<u>-</u>	<u>9,799</u>
Change in Net Assets from Nonoperating Activities	9,799	-	9,799
CHANGE IN NET ASSETS	260,228	(1,352)	258,876
Net Assets - Beginning of Year	<u>5,613,333</u>	<u>21,048</u>	<u>5,634,381</u>
NET ASSETS - END OF YEAR	<u>\$ 5,873,561</u>	<u>\$ 19,696</u>	<u>\$ 5,893,257</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	<u>\$ 671,436</u>	<u>\$ 295,478</u>	<u>\$ 803,274</u>	<u>\$ 1,770,188</u>	<u>\$ 620,461</u>	<u>\$ 225,270</u>	<u>\$ 85,987</u>	<u>\$ 498,091</u>	<u>\$ 122,503</u>	<u>\$ 1,552,312</u>	<u>\$ 3,322,500</u>	

See accompanying Notes to Financial Statements.

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018

	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	\$ 111,285	\$ 171,682	\$ 197,738	\$ 480,705	\$ 251,459	\$ -	\$ 66,802	\$ 116,028	\$ 35,035	\$ 469,324	\$ 950,029	
Employee Benefits	16,013	29,199	23,620	68,832	26,094	-	-	1,392	7,912	35,398	104,230	
Professional Services - Excluding In-Kind												
Contributions	-	43,537	81,514	125,051	13,945	-	10,110	148,995	-	173,050	298,101	
Professional Services - In-Kind Contributions	-	-	-	-	63,896	-	-	19,095	-	82,991	82,991	
Office Support	-	17,047	27,838	44,885	33,225	-	7,833	3,294	5,979	50,331	95,216	
Communications	-	-	-	-	49,366	-	-	-	-	49,366	49,366	
Postage and Shipping	-	-	-	-	26,866	-	10,461	37	-	37,364	37,364	
Occupancy	-	-	141,431	141,431	-	-	-	53,964	-	53,964	195,395	
FCC Repack Expenses	-	-	9,799	9,799	-	-	-	-	-	-	9,799	
Rental and Maintenance of Equipment	10,572	-	87,236	97,808	26,426	-	-	66,635	-	93,061	190,869	
Printing and Publications	-	-	-	-	22,701	-	-	-	-	22,701	22,701	
Conferences, Meetings, and Travel	-	9,236	-	9,236	2,148	-	-	16,500	3,874	22,522	31,758	
WTVP Travels Tour	-	-	-	-	-	283,485	-	-	-	283,485	283,485	
Marketing	-	-	-	-	51,924	-	2,452	-	-	54,376	54,376	
Dues and Program Rights	-	-	-	-	3,254	-	-	23,750	-	27,004	27,004	
Program Acquisition	566,367	-	-	566,367	-	-	-	-	-	-	566,367	
Interest	-	-	-	-	-	-	-	42,947	-	42,947	42,947	
Provision for Uncollectible Pledges/Accounts	-	-	-	-	-	-	-	-	35,395	35,395	35,395	
Miscellaneous	-	-	-	-	10,769	-	250	16,526	-	27,545	27,545	
Total Expenditures Before Depreciation	704,237	270,701	569,176	1,544,114	582,073	283,485	97,908	509,163	88,195	1,560,824	3,104,938	
Depreciation	-	1,337	220,039	221,376	-	-	-	363	4,872	5,235	226,611	
Total Expenditures	<u>\$ 704,237</u>	<u>\$ 272,038</u>	<u>\$ 789,215</u>	<u>\$ 1,765,490</u>	<u>\$ 582,073</u>	<u>\$ 283,485</u>	<u>\$ 97,908</u>	<u>\$ 509,526</u>	<u>\$ 93,067</u>	<u>\$ 1,566,059</u>	<u>\$ 3,331,549</u>	

See accompanying Notes to Financial Statements.

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 193,593	\$ 258,876
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	273,716	226,611
Net Unrealized (Gains) Losses on Investments	90,561	(29,628)
Cash Receipts from Save Our Station Campaign Contributions		
Restricted for Purposes of Debt Service	-	(1,850)
Effects of Changes in Operating Assets and Liabilities:		
Net Receivables	(232,632)	(29,066)
Inventory	-	896
Prepaid Expenses	(78,321)	24,159
Refundable Income Taxes	-	940
Accounts Payable	219,503	(73,817)
Accrued Expenses	(2,132)	5,717
Deferred Revenue	50,068	(30,677)
Net Cash Provided by Operating Activities	514,356	352,161
 CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	(415,344)	(98,445)
Proceeds from Sale of Investments	297,625	983,856
Purchase of Investments, Including Reinvested Income	(337,919)	(1,035,167)
Net Cash Used by Investing Activities	(455,638)	(149,756)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Long-Term Debt	(92,807)	(94,935)
Cash Receipts from Save Our Station Campaign Contributions		
Restricted for Purposes of Debt Service	-	1,850
Net Cash Used by Financing Activities	(92,807)	(93,085)
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(34,089)	109,320
 Cash and Cash Equivalents - Beginning of Year	505,877	396,557
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 471,788	\$ 505,877
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	\$ 40,514	\$ 43,127

See accompanying Notes to Financial Statements.

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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, 2019 AND 2018

**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.

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 \$471,788 and \$505,877 at June 30, 2019 and 2018, 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.

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.

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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

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.

Advertising Costs

Advertising costs are expensed as incurred.

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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

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, 2019 and 2018, prepaid expenses included \$176,588 and \$107,105, respectively, related to WTVP Travels Tour. At June 30, 2019 and 2018, deferred revenue included \$157,159 and \$119,121, respectively, related to WTVP Travels Tour.

Reclassifications

Certain reclassifications have been made with prior year amounts in order to conform to the current year presentation, with no effect on previously reported change in net asset.

Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

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:

	2019	2018
Cash and Cash Equivalents	\$ 451,915	\$ 485,702
Investments	1,573,191	1,623,458
Accounts and Pledge Receivables	619,465	334,340
Total	<u>\$ 2,644,571</u>	<u>\$ 2,443,500</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, 2019 and 2018 are included in Note 4. Although the Organization 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
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NOTE 3 PLEDGES RECEIVABLE

Included in pledges receivable at June 30, 2019 and 2018 are the following promises to give:

	<u>2019</u>	<u>2018</u>
Program Underwriting	\$ 27,464	\$ 18,048
Membership	99,227	83,699
Matching	33,726	33,906
Unrestricted Campaigns	<u>31,660</u>	<u>56,856</u>
Gross Promises to Give	192,077	192,509
Less: Allowance for Uncollectible Receivables	9,677	9,677
Less: Discount to the Present Value of the Future Cash Flows	-	2,273
Net Promises to Give	<u><u>\$ 182,400</u></u>	<u><u>\$ 180,559</u></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, 2019 that are expected to be collected in the following fiscal years:

Pledges receivable at June 30, 2019 and 2018 include amounts due from board members and management of approximately \$31,661 and \$58,613, respectively.

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 179,903
2021	12,174
Total	<u><u>\$ 192,077</u></u>

NOTE 4 INVESTMENTS

Investments as of June 30, 2019 and 2018 are summarized as follows:

	<u>2019</u>	<u>2018</u>
Certificates of Deposit	\$ 661,241	\$ 665,658
Municipal Bonds	112,821	162,738
Mutual Funds	729,315	730,927
Money Market Funds	69,676	63,999
Equity Securities	138	136
Total Investments	<u><u>\$ 1,573,191</u></u>	<u><u>\$ 1,623,458</u></u>

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 4 INVESTMENTS (CONTINUED)

Components of net investment income are as follows for the years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Dividend and Interest Income	\$ 99,037	\$ 48,246
Unrealized (Loss) Gain	(90,561)	29,628
Net Investment Income	<u>\$ 8,476</u>	<u>\$ 77,874</u>

NOTE 5 DEBT

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

<u>Description</u>	<u>2019</u>	<u>2018</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.	\$ 715,303	\$ 773,811
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>141,199</u>	<u>175,498</u>
Total	856,502	949,309
Less: Current Portion	<u>(97,631)</u>	<u>(94,771)</u>
Total	<u>\$ 758,871</u>	<u>\$ 854,538</u>

Future maturities of long-term debt are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 97,631
2021	101,894
2022	106,344
2023	550,633
Total	<u>\$ 856,502</u>

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
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NOTE 5 DEBT (CONTINUED)

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 December 31, 2019. 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 2019 and 2018.

NOTE 6 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 \$5,432 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 \$2,585 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.

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.

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NOTE 6 LEASE INCOME (CONTINUED)

The Corporation is contracted under a month to month professional services agreement that expires March 31, 2020, to provide master control services for Western Illinois University – Quad Cities campus’ public television station WQPT. The agreement provides monthly income of \$21,139 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>
2020	\$ 171,853
2021	171,853
2022	144,277
2023	50,044
2024	13,665
Thereafter	1,619
Total	<u>\$ 553,311</u>

NOTE 7 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
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NOTE 7 FAIR VALUE MEASUREMENTS (CONTINUED)

Basis of Fair Value Measurement (Continued)

For the fiscal years ended June 30, 2019 and 2018, 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, 2019 and 2018:

	2019			
	Level 1	Level 2	Level 3	Total
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>
	2018			
	Level 1	Level 2	Level 3	Total
Investments:				
Municipal Bonds	\$ -	\$ 162,738	\$ -	\$ 162,738
Mutual Funds	730,927	-	-	730,927
Equity Securities	136	-	-	136
Money Market Funds	63,999	-	-	63,999
Total Investments	<u>\$ 795,062</u>	<u>\$ 162,738</u>	<u>\$ -</u>	<u>\$ 957,800</u>

NOTE 8 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.

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NOTE 9 COMMITMENTS

The Corporation leases office equipment under various operating lease agreements. The total minimum lease payments as of June 30, 2019 are due as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 1,556
2021	1,560
2022	130
Total Minimum Lease Payments	<u>\$ 3,246</u>

The total rental expense was \$1,818 and \$6,504 for the years ended June 30, 2019 and 2018, respectively.

The Federal Communications Commission (FCC) is undergoing a process to repurpose a portion of the television broadcast spectrum for use by mobile broadband providers. As a result of this process, the Corporation's channel location will be relocated from channel 46 to channel 35. The new channel assignment will require assorted new equipment for signal transmission. The Corporation has made an initial filing with the FCC estimating the costs associated with this move at \$1,625,694. The FCC has set aside a portion of the proceeds from auctioning spectrum to mobile broadband providers for the purpose of reimbursing stations for these costs.

Noncommercial educational stations are eligible for initial allocations up to 90% of their estimated eligible costs, with final allocations based upon their actual documented costs planned prior to the end of the three-year reimbursement period. The Corporation's relocation has been assigned to the seventh of ten transition phases. In this transition phase, new broadcast equipment can be tested no earlier than October 19, 2019, and must be completed by January 17, 2020.

The Corporation entered into a contract with GatesAir, Inc., dated June 8, 2018, for the construction and installation of a transmitter at a total estimated price of \$293,576. As of June 30, 2019, the Corporation has incurred costs of \$96,487 related to the project of which the FCC has reimbursed \$96,487.

The Corporation entered into a contract with Electronics Research, Inc. dated June 25, 2018, for the construction and installation of a television transmitting antenna system at a total estimated price of \$785,889. As of June 30, 2019, the Corporation has incurred costs of \$245,566 related to the project of which the FCC has reimbursed \$0. The Corporation has submitted for reimbursement of this amount, and thus \$245,566 is included in accounts receivable at June 30, 2019.

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
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NOTE 10 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, 2019 and 2018, the designated endowment funds totaled \$1,573,191 and \$1,623,458, 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.

Composition of and changes in endowment net assets for the years ended June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Board-Designated Endowment Net Assets -		
Beginning of Year	\$ 1,623,458	\$ 1,542,519
Contributions (Withdrawals)	(47,915)	13,834
Investment Income, Net of Fees	88,209	37,477
Net Appreciation (Depreciation)	<u>(90,561)</u>	<u>29,628</u>
Board-Designated Endowment Net Assets -		
End of Year	<u>\$ 1,573,191</u>	<u>\$ 1,623,458</u>

NOTE 11 SUBSEQUENT EVENTS

Management evaluated subsequent events through November 26, 2019, the date the financial statements were available to be issued.