

**ILLINOIS VALLEY PUBLIC
TELECOMMUNICATIONS CORPORATION**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021



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**ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
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YEARS ENDED JUNE 30, 2022 AND 2021**

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Illinois Valley Public Telecommunications Corporation
Peoria, Illinois

Report on the Audit of 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, 2022 and 2021, 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 Illinois Valley Public Telecommunications Corporation as of June 30, 2022 and 2021, and the results of its operations 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Illinois Valley Public Telecommunications Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Illinois Valley Public Telecommunications Corporation's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

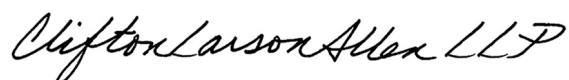
Auditors' Responsibilities for the Audit of the Financial Statements

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 GAAS 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 GAAS, 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 Illinois Valley Public Telecommunications Corporation'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 Illinois Valley Public Telecommunications Corporation'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.



CliftonLarsonAllen LLP

Peoria, Illinois
November 30, 2022

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

ASSETS	2022	2021
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 846,026	\$ 2,506,801
Pledges Receivable, Net Allowance of \$44,824 for 2022 and \$41,688 for 2021	174,900	125,829
Accounts Receivables	68,704	117,654
Net Receivables	243,604	243,483
Inventory	3,564	3,564
Goodwill	90,000	-
Prepaid Expenses	63,675	72,888
Total Current Assets	1,246,869	2,826,736
INVESTMENTS	1,738,524	1,886,490
PROPERTY AND EQUIPMENT		
Land	524,557	524,557
Transmitter Building and Improvements	457,820	457,820
Building and Improvements	5,284,389	5,284,389
Furniture, Fixtures, and Equipment	2,548,622	2,005,302
Construction in Progress	60,724	4,870
Total Property and Equipment	8,876,112	8,276,938
Less: Accumulated Depreciation and Amortization	3,509,767	3,183,646
Net Property and Equipment	5,366,345	5,093,292
Total Assets	\$ 8,351,738	\$ 9,806,518

See accompanying Notes to Financial Statements.

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2022 AND 2021

	2022	2021
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 15,912	\$ 350,364
Consideration Payable	50,000	-
Current Maturities of Long-Term Debt	260,923	266,309
Accrued Expenses	50,463	126,490
Total Current Liabilities	377,298	743,163
LONG-TERM LIABILITIES		
Long-Term Debt, Less Current Maturities	876,277	1,135,741
Payroll Protection Program Loan	-	270,077
Total Long-Term Liabilities	876,277	1,405,818
Total Liabilities	1,253,575	2,148,981
NET ASSETS		
Without Donor Restrictions:		
Undesignated	5,337,139	5,771,047
Board-Designated Endowment	1,738,524	1,886,490
Total Net Assets, Without Donor Restrictions	7,075,663	7,657,537
With Donor Restrictions	22,500	-
Total Net Assets	7,098,163	7,657,537
Total Liabilities and Net Assets	\$ 8,351,738	\$ 9,806,518

See accompanying Notes to Financial Statements.

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE, GAINS, AND OTHER SUPPORT			
Contributions	\$ 1,726,978	\$ 22,500	\$ 1,749,478
Matching Contributions	174,724	-	174,724
In-Kind Contributions and Donated Services	20,935	-	20,935
Grants from Corporation for Public Broadcasting	905,514	-	905,514
State Grants	42,235	-	42,235
Other Grants	33,720	-	33,720
Auction Income	137,351	-	137,351
Underwriting Income	288,296	-	288,296
Contract Services	99,551	-	99,551
Interest Income	1,236	-	1,236
Net Investment Loss	(147,966)	-	(147,966)
Lease Income	247,900	-	247,900
Special Events	146,497	-	146,497
Miscellaneous	318,331	-	318,331
Total Revenue, Gains, and Other Support	<u>3,995,302</u>	<u>22,500</u>	<u>4,017,802</u>
OPERATING EXPENDITURES			
Program Services:			
Programming	897,076	-	897,076
Production	499,771	-	499,771
Broadcast Operations	799,380	-	799,380
Magazine	188,945	-	188,945
Total Program Services	<u>2,385,172</u>	<u>-</u>	<u>2,385,172</u>
Supporting Services:			
Fundraising and Development	1,151,765	-	1,151,765
Promotion	402,704	-	402,704
Management and General	907,612	-	907,612
Total Supporting Services	<u>2,462,081</u>	<u>-</u>	<u>2,462,081</u>
Total Expenditures	<u>4,847,253</u>	<u>-</u>	<u>4,847,253</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	(851,951)	22,500	(829,451)
NONOPERATING REVENUE			
Gain on Extinguishment of Debt - PPP	270,077	-	270,077
Total Nonoperating Revenue	<u>270,077</u>	<u>-</u>	<u>270,077</u>
CHANGE IN NET ASSETS FROM NONOPERATING ACTIVITIES	<u>270,077</u>	<u>-</u>	<u>270,077</u>
CHANGE IN NET ASSETS	(581,874)	22,500	(559,374)
Net Assets - Beginning of Year	<u>7,657,537</u>	<u>-</u>	<u>7,657,537</u>
NET ASSETS - END OF YEAR	<u><u>\$ 7,075,663</u></u>	<u><u>\$ 22,500</u></u>	<u><u>\$ 7,098,163</u></u>

See accompanying Notes to Financial Statements.

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE, GAINS, AND OTHER SUPPORT			
Contributions	\$ 1,625,116	\$ -	\$ 1,625,116
Matching Contributions	152,101	-	152,101
In-Kind Contributions and Donated Services	162,649	-	162,649
Grants from Corporation for Public Broadcasting	1,309,948	-	1,309,948
State Grants	94,260	-	94,260
Other Grants	19,300	-	19,300
Auction Income	135,031	-	135,031
Underwriting Income	223,542	-	223,542
Contract Services	100,219	-	100,219
Interest Income	264	-	264
Net Investment Income	356,539	-	356,539
Lease Income	235,711	-	235,711
Special Events	24,914	-	24,914
Miscellaneous	3,192	-	3,192
Net Assets Released from Restrictions	19,971	(19,971)	-
Total Revenue, Gains, and Other Support	4,462,757	(19,971)	4,442,786
OPERATING EXPENDITURES			
Program Services:			
Programming	803,129	-	803,129
Production	377,464	-	377,464
Broadcast Operations	905,316	-	905,316
Total Program Services	2,085,909	-	2,085,909
Supporting Services:			
Fundraising and Development	876,061	-	876,061
Promotion	350,686	-	350,686
Management and General	749,432	-	749,432
Total Supporting Services	1,976,179	-	1,976,179
Total Expenditures	4,062,088	-	4,062,088
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	400,669	(19,971)	380,698
NONOPERATING REVENUE			
Capital Grants	123,702	-	123,702
Gain on Extinguishment of Debt - PPP	221,700	-	221,700
Total Nonoperating Revenue	345,402	-	345,402
CHANGE IN NET ASSETS FROM NONOPERATING ACTIVITIES	345,402	-	345,402
CHANGE IN NET ASSETS	746,071	(19,971)	726,100
Net Assets - Beginning of Year	6,911,466	19,971	6,931,437
NET ASSETS - END OF YEAR	<u>\$ 7,657,537</u>	<u>\$ -</u>	<u>\$ 7,657,537</u>

See accompanying Notes to Financial Statements.

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Program Services				Total Program Services	Supporting Services				Total
	Programming	Production	Broadcast Operations	Magazine		Fundraising and Development	Promotion	Management and General	Total Supporting Services	
Salaries and Payroll Taxes	\$ 168,817	\$ 308,561	\$ 202,410	\$ -	\$ 679,788	\$ 349,406	\$ 207,649	\$ 366,118	\$ 923,173	\$ 1,602,961
Employee Benefits	33,605	40,980	75,972	-	150,557	53,335	21,731	37,808	112,874	263,431
Professional Services - Excluding In-Kind Contributions	-	87,745	129,726	86,253	303,724	60,962	48,775	119,443	229,180	532,904
Professional Services - In-Kind Contributions	-	-	10,400	760	11,160	4,876	4,899	-	9,775	20,935
Office Support	4,531	6,583	17,314	-	28,428	104,396	4,584	31,136	140,116	168,544
Communications	-	-	50,286	-	50,286	-	-	-	-	50,286
Postage and Shipping	-	477	-	35,786	36,263	31,964	9,250	874	42,088	78,351
Utilities and Occupancy	-	828	130,723	-	131,551	-	-	88,343	88,343	219,894
Maintenance	11,808	5,556	113,079	-	130,443	11,341	-	4,542	15,883	146,326
Printing and Publications	37,772	-	-	-	37,772	89,753	-	445	90,198	127,970
Conferences, Meetings, and Travel	359	7,869	4,886	-	13,114	2,293	-	8,814	11,107	24,221
Marketing	478	590	250	50,740	52,058	349,278	73,918	32,046	455,242	507,300
Dues and Program Rights	1,088	5,927	8,903	-	15,918	13,637	872	9,641	24,150	40,068
Program Acquisition	576,413	-	-	-	576,413	-	-	-	-	576,413
Interest	-	-	-	-	-	-	-	61,105	61,105	61,105
Provision (Credit) for Uncollectible Pledges Receivables	-	-	-	-	-	-	-	49,232	49,232	49,232
Miscellaneous	-	-	-	2,304	2,304	658	3,102	35,128	38,888	41,192
Total Expenditures Before Depreciation	834,871	465,116	743,949	175,843	2,219,779	1,071,899	374,780	844,675	2,291,354	4,511,133
Depreciation and Amortization	62,205	34,655	55,431	13,102	165,393	79,866	27,924	62,937	170,727	336,120
Total Expenditures	\$ 897,076	\$ 499,771	\$ 799,380	\$ 188,945	\$ 2,385,172	\$ 1,151,765	\$ 402,704	\$ 907,612	\$ 2,462,081	\$ 4,847,253

See accompanying Notes to Financial Statements.

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services				Supporting Services				
	Programming	Production	Broadcast Operations	Total Program Services	Fundraising and Development	Promotion	Management and General	Total Supporting Services	Total
Salaries and Payroll Taxes	\$ 155,012	\$ 216,903	\$ 231,382	\$ 603,297	\$ 290,883	\$ 89,917	\$ 274,567	\$ 655,367	\$ 1,258,664
Employee Benefits	34,695	41,489	52,075	128,259	37,539	13,954	36,648	88,141	216,400
Professional Services - Excluding In-Kind Contributions	-	67,891	127,990	195,881	39,612	15,075	102,634	157,321	353,202
Professional Services - In-Kind Contributions	-	-	9,600	9,600	31,483	121,566	-	153,049	162,649
Office Support	-	15,147	28,255	43,402	107,073	16,251	19,124	142,448	185,850
Communications	-	-	-	-	58,829	-	-	58,829	58,829
Postage and Shipping	-	114	-	114	33,760	7	919	34,686	34,800
Utilities and Occupancy	-	-	142,650	142,650	-	-	66,416	66,416	209,066
FCC Repack Expenses	-	-	122,121	122,121	-	-	-	-	122,121
Maintenance	15,654	-	107,002	122,656	23,307	-	2,381	25,688	148,344
Printing and Publications	-	-	60	60	48,995	-	65	49,060	49,120
Conferences, Meetings, and Travel	-	827	3,706	4,533	738	-	6,345	7,083	11,616
Marketing	-	-	1,011	1,011	112,848	64,073	-	176,921	177,932
Dues and Program Rights	-	4,457	6,403	10,860	13,481	1,286	31,944	46,711	57,571
Program Acquisition	533,246	-	-	533,246	-	-	-	-	533,246
Interest	-	-	-	-	-	-	48,595	48,595	48,595
Provision for Uncollectible Pledge Receivables	-	-	-	-	-	-	71,889	71,889	71,889
Miscellaneous	-	311	329	640	7,132	383	26,795	34,310	34,950
Total Expenditures Before Depreciation	738,607	347,139	832,584	1,918,330	805,680	322,512	688,322	1,816,514	3,734,844
Depreciation	64,522	30,325	72,732	167,579	70,381	28,174	61,110	159,665	327,244
Total Expenditures	\$ 803,129	\$ 377,464	\$ 905,316	\$ 2,085,909	\$ 876,061	\$ 350,686	\$ 749,432	\$ 1,976,179	\$ 4,062,088

See accompanying Notes to Financial Statements.

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (559,374)	\$ 726,100
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation and Amortization	336,120	327,244
Net Unrealized (Gain) Loss on Investments	151,452	(350,179)
Loss on Sale of Assets	-	297
Gain on Extinguishment of Debt - PPP	(270,077)	(221,700)
Provision (Credit) for Uncollectible Pledges	49,232	71,889
Nonoperating Capital Grant Revenue	-	(123,702)
Effects of Changes in Operating Assets and Liabilities:		
Net Receivables	(49,353)	38,480
Inventory	-	990
Prepaid Expenses	9,213	(5,111)
Accounts Payable	(334,452)	85,002
Accrued Expenses	(76,027)	77,538
Net Cash Provided (Used) by Operating Activities	(743,266)	626,848
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	(599,173)	(126,466)
Proceeds from Sale of Investments	64,439	379,504
Purchase of Investments, Including Reinvested Income	(67,925)	(385,863)
Acquisition	(50,000)	-
Net Cash Used by Investing Activities	(652,659)	(132,825)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Capital Grants	-	123,702
Principal Payments on Long-Term Debt	(264,850)	(155,194)
Proceeds from Payroll Protection Program Loans	-	270,077
Proceeds from Issuance of Other Long-Term Debt	-	800,000
Net Cash Provided (Used) by Financing Activities	(264,850)	1,038,585
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,660,775)	1,532,608
Cash and Cash Equivalents - Beginning of Year	2,506,801	974,193
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 846,026	\$ 2,506,801
NONCASH TRANSACTIONS		
Acquisition Purchase in Consideration Payable	\$ 50,000	\$ -

See accompanying Notes to Financial Statements.

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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 (U.S. GAAP) 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 net assets without donor restricted unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions (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, 2022 AND 2021

**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 revenues without donor restrictions. Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues without donor restrictions. Contributions of cash or other assets to be used to acquire property and equipment with such donor stipulations are reported as revenues with donor restrictions; 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 contributions as the 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 statements of cash flows, the Corporation considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents. Cash equivalents at June 30, 2022 and 2021, 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, 2022 AND 2021

**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 from grants are classified as exchange transactions and such amounts are reported as deferred revenue until expended in accordance with the terms of the agreement. In addition, revenues received in advance of WTVP Travels Tours are deferred and recognized upon completion of the tour.

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.

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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

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.

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, 2022 and 2021, all trips were canceled due to the COVID-19 pandemic and as such, there was no prepaid expenses or deferred revenue related to WTVP travel tours.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Change in Accounting Principle

During the year ended June 30, 2022, the Corporation adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the financial statements.

Subsequent Events

Management evaluated subsequent events through November 30, 2022, the date the financial statements were available to be issued.

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:

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

	2022	2021
Cash and Cash Equivalents	\$ 846,026	\$ 2,506,801
Investments	1,738,524	1,886,490
Accounts and Pledge Receivables, Net	243,604	243,483
Total	\$ 2,828,154	\$ 4,636,774

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, 2022 and 2021 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 invest cash in excess of daily requirements in short-term investments, CDs, and money market funds.

NOTE 3 PLEDGES RECEIVABLE

Included in pledges receivable at June 30, 2022 and 2021 are the following promises to give:

	2022	2021
Program Underwriting	\$ 53,787	\$ 12,972
Membership	119,405	127,515
Matching	42,430	27,030
Gross Promises to Give	215,622	167,517
Less: Allowance for Uncollectible Receivables	40,722	41,688
Net Promises to Give	\$ 174,900	\$ 125,829

NOTE 4 INVESTMENTS

Investments as of June 30, 2022 and 2021 are summarized as follows:

	2022	2021
Corporate Bonds	\$ 701,619	\$ 741,891
Mutual Funds	1,021,444	1,132,740
Money Market Funds	15,461	11,626
Equity Securities	-	233
Total Investments	\$ 1,738,524	\$ 1,886,490

Components of net investment income are as follows for the years ended June 30, 2022 and 2021:

	2022	2021
Dividend and Interest Income	\$ 3,486	\$ 6,360
Unrealized Gain (Loss)	(151,452)	350,179
Net Investment Income (Loss)	\$ (147,966)	\$ 356,539

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
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JUNE 30, 2022 AND 2021

NOTE 5 DEBT

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

<u>Description</u>	<u>2022</u>	<u>2021</u>
Note payable to PNC Bank, bearing fixed interest at 4.50%. Monthly payments of principal and interest are \$7,751 with final balloon payment due December 1, 2028. Note is secured by a first mortgage and substantially all business assets.	\$ 520,620	\$ 586,922
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.	29,913	68,461
Note payable to PNC Bank, due February 2026. The note bears interest at the daily LIBOR rate plus 3% with monthly payments of principal and interest of \$13,333. Note is secured by substantially all business assets.	<u>586,667</u>	<u>746,667</u>
Total	1,137,200	1,402,050
Less: Current Portion	<u>(260,923)</u>	<u>(266,309)</u>
Total	<u><u>\$ 876,277</u></u>	<u><u>\$ 1,135,741</u></u>

Future maturities of long-term debt are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 260,923
2024	234,272
2025	237,684
2026	187,920
2027	84,986
Later Years	<u>131,415</u>
Total	<u><u>\$ 1,137,200</u></u>

The Corporation also had a \$300,000 revolving secured line of credit from PNC Bank for operating activities. Interest is based on PNC Bank's prime interest rate with interest payable monthly and maturity on March 31, 2023. 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 2022 and 2021.

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

In April 2020, the Corporation entered into a loan 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 loan was obtained due to the impact on operations and activities caused by COVID-19. The loan has an interest rate of 1%. When this loan was signed it required monthly principal and interest payments beginning November 2020, with a final payment due April 2022. These amounts may be forgiven subject to compliance and approval based upon timing and use of these funds in accordance with the PPP program. Subsequent to the loan date the federal government changed the timeline and repayment terms of these PPP loans. The borrower currently has 10 months from the end of the covered period to request forgiveness. If a borrower submits a loan forgiveness application within that time period, no payments of principal or interest will be due until the SBA remits the loan forgiveness amount to the lender. If a borrower does not submit a loan forgiveness application within that 10 month period, then the borrower must begin paying principal and interest on or after the last day of the 10 month period. Additionally, if the lender agrees, the initial two-year loan can be extended to up to five years. No payments were made on the loan during the years ended June 30, 2021 or 2020.

The SBA processed the Corporation's PPP loan forgiveness application and notified the lender on November 26, 2020 the PPP loan qualified for full forgiveness. Loan proceeds were received by the bank from the SBA on this date, and the Corporation was legally released from the debt. Therefore, it was recorded as forgiveness of debt in the statements of activities.

The SBA may subsequently review funding eligibility and usage of funds for compliance with program requirements based upon dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Corporation's financial position.

On March 16, 2021, the Corporation entered into a second PPP loan for \$270,077. The loan has an interest rate of 1%. It requires monthly principal and interest payments beginning July 2022, with a final payment due March 2026. These amounts may be forgiven subject to compliance and approval based upon timing and use of these funds in accordance with the PPP program. No payments were made on the loan during the year ended June 30, 2021.

The SBA processed the Corporation's PPP loan forgiveness application and notified the lender on December 13, 2021 the PPP loan qualified for full forgiveness. Loan proceeds were received by the bank from the SBA on this date, and the Corporation was legally released from the debt. Therefore, it was recorded as forgiveness of debt in the statements of activities.

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
NOTES TO FINANCIAL STATEMENTS
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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 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 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, 2026, 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 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>
2023	\$ 84,134
2024	38,279
2025	25,667
2026	24,048
2027	12,024
Total	<u>\$ 184,152</u>

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 8 FAIR VALUE MEASUREMENTS

U.S. GAAP established 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 U.S. GAAP 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.

For the fiscal years ended June 30, 2022 and 2021, 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 corporate 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, 2022 and 2021:

	2022			
	Level 1	Level 2	Level 3	Total
Investments:				
Corporate Bonds	\$ -	\$ 701,619	\$ -	\$ 701,619
Mutual Funds	1,021,444	-	-	1,021,444
Money Market Funds	15,461	-	-	15,461
Total Investments	<u>\$ 1,036,905</u>	<u>\$ 701,619</u>	<u>\$ -</u>	<u>\$ 1,738,524</u>

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 8 FAIR VALUE MEASUREMENTS (CONTINUED)

Fair Value on a Recurring Basis

	2021			Total
	Level 1	Level 2	Level 3	
Investments:				
Corporate Bonds	\$ -	\$ 741,891	\$ -	\$ 741,891
Mutual Funds	1,132,740	-	-	1,132,740
Equity Securities	233	-	-	233
Money Market Funds	11,626	-	-	11,626
Total Investments	<u>\$ 1,144,599</u>	<u>\$ 741,891</u>	<u>\$ -</u>	<u>\$ 1,886,490</u>

NOTE 9 ACQUISITION OF ASSETS

In December 2021, the Corporation acquired the assets of Central Illinois Business Publishers, Inc. The purchase price of \$100,000, required payment of \$25,000 at closing with three \$25,000 annual payments beginning on February 2022. The acquisition generated \$100,000 of goodwill which is attributable mainly to synergies expected to be achieved from integrating the acquisition into the Corporation's existing business and expanded content of publications and intellectual property.

At June 30, 2022, \$50,000 is included in a consideration payable on the statement of financial position reflecting the two remaining installments.

The Corporation amortizes goodwill on a straight-line basis over 10 years and only evaluates goodwill for impairment when a triggering event occurs. When impairment is likely, the Corporation calculates goodwill impairment as the amount that the Corporation's carrying value of goodwill exceeds its fair value. During the year ended June 30, 2022, no triggering events occurred requiring impairment testing. As such, no impairment loss was recorded.

A reconciliation of the change in the carrying value of goodwill for the year ended June 30, 2022 is as follows:

Beginning Balance	\$ -
Acquisition of Central Illinois Business Publishers, Inc.	100,000
Amortization	(10,000)
Total	<u>\$ 90,000</u>

NOTE 10 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.

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
NOTES TO FINANCIAL STATEMENTS
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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, 2022 and 2021, the designated endowment funds totaled \$1,886,490 and \$1,529,952, respectively. Since the amount resulted from an internal designation and is not donor-restricted, it is classified and reported as without donor-restricted 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, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Board-Designated Endowment Net Assets -		
Beginning of Year	\$ 1,886,490	\$ 1,529,952
Investment Income, Net of Fees	3,486	6,359
Net Appreciation (Depreciation)	<u>(151,452)</u>	<u>350,179</u>
Board-Designated Endowment Net Assets -		
End of Year	<u>\$ 1,738,524</u>	<u>\$ 1,886,490</u>



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