

**THE GREATER CHATTANOOGA PUBLIC
TELEVISION CORPORATION**

Chattanooga, Tennessee

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

Years ended June 30, 2021 and 2020

JOHNSON, HICKEY & MURCHISON, P.C.
Certified Public Accountants
Chattanooga, Tennessee

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THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
ROSTER OF MANAGEMENT AND BOARD MEMBERS
JUNE 30, 2021

MANAGEMENT

Bob Culkeen	President & CEO
Bryan Fuqua	Senior VP of Technical Services
Cindy Valentine	Chief Financial Officer
Shaun Townley	VP of Content & Digital Strategy
Pam Carpenter	VP of Programming & Traffic
Marianne Monoc	Senior Director of Development

BOARD MEMBERS

Don Jernigan	Chair
Jim Tanner	Vice Chair
Cole Powell	Treasurer
Jo Coke	Secretary
Steve Gatlin	Director
Deborah Arfken	Director
Julie Brandao	Director
Justin Dumsday	Director
Daniel Fell	Director
Jennifer Fuller	Director
Carol George-Hieronymus	Director
Barbara Haskew	Director
Jerre Haskew	Director
Bonnie Hathcock	Director
Paula Henderson	Director
Sheryl Jaggars	Director
Laurie Melnik	Director
Jessica Oliva-Calderin	Director
Meredith Perry	Director
Bruce Stewart	Director
Edna Varner	Director
Scott Wilson	Director
Jo Ann Yates	Director



INDEPENDENT AUDITORS' REPORT

**To the Board of Directors of
The Greater Chattanooga Public Television Corporation**

Report on the Financial Statements

We have audited the accompanying financial statements of The Greater Chattanooga Public Television Corporation (a nonprofit Corporation), which comprise the statements of financial position as of June 30, 2021 and 2020, and 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

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	Chattanooga, Tennessee	3		423 267 5945 f

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Greater Chattanooga Public Television Corporation as of June 30, 2021 and 2020, 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.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards on page 22 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The Roster of Management and Board Members on page 2, which is the responsibility of management, is of a nonaccounting nature and has not been subjected to the auditing procedures applied in the audit of the financial statements. Accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2021, on our consideration of The Greater Chattanooga Public Television Corporation's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Greater Chattanooga Public Television Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Greater Chattanooga Public Television Corporation's internal control over financial reporting and compliance.

Johnson, Wickey & Meucham, P.C.

Chattanooga, Tennessee
October 20, 2021

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

ASSETS

	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 866,251	\$ 133,087
Accounts receivable	51,702	23,991
Prepaid expenses	43,140	27,775
Total current assets	961,093	184,853
 PROPERTY, PLANT AND EQUIPMENT		
Land	251,000	251,000
Buildings and improvements	3,806,533	3,782,623
Equipment, furniture and fixtures	5,935,620	5,508,712
Vehicles	55,311	58,864
	10,048,464	9,601,199
Less accumulated depreciation	5,373,505	5,058,829
	4,674,959	4,542,370
 OTHER ASSETS		
	11,000	11,000
	\$ 5,647,052	\$ 4,738,223

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

LIABILITIES AND NET ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT LIABILITIES		
Current maturities of notes payable	\$ 131,976	\$ 133,089
Accounts payable	49,186	48,697
Accrued compensation, benefits and withholdings	151,673	119,253
Deferred revenue	<u>13,800</u>	<u>54,250</u>
Total current liabilities	<u>346,635</u>	<u>355,289</u>
LONG-TERM LIABILITIES		
Notes payable, less current maturities shown above	1,302,313	1,434,414
Paycheck Protection Program loan	178,617	178,617
Rental deposits	<u>1,525</u>	<u>1,525</u>
	<u>1,482,455</u>	<u>1,614,556</u>
NET ASSETS		
Without donor restrictions	3,762,697	2,768,378
With donor restrictions	<u>55,265</u>	<u>-</u>
	<u>3,817,962</u>	<u>2,768,378</u>
	<u>\$ 5,647,052</u>	<u>\$ 4,738,223</u>

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

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Support		
Corporation for Public Broadcasting	\$ 1,244,055	\$ 999,829
Government Grants		
Grant from City of Chattanooga	80,000	93,000
Tennessee Board of Education	430,793	430,793
Tennessee Department of Safety and Homeland Security	54,000	54,000
U.S. Department of Education	165,595	-
U.S. Department of the Treasury	498,005	-
Grants - FCC Repack	-	330,766
Membership	276,273	265,239
Major giving	159,774	182,268
Underwriting	152,861	199,886
Education	19,530	5,000
Special events	2,585	20,935
Bequests	168,778	-
In-kind contributions	13,676	22,661
Net assets released from donor restrictions	9,735	20,500
Total contributions and other support	3,275,660	2,624,877
REVENUES		
Production services	30,650	38,760
Rental income	66,358	47,033
Loss on disposal of property, plant and equipment	2,000	-
Paycheck Protection Program loan proceeds	178,617	-
Miscellaneous	9,135	267
Total support and revenues	286,760	86,060
Total support and revenues	3,562,420	2,710,937
Expenses		
Program services	1,998,968	1,818,607
Fundraising	268,501	226,420
Management and general	300,632	246,258
Total support and revenues	2,568,101	2,291,285
Increase in net assets without donor restrictions	994,319	419,652

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

	<u>2021</u>	<u>2020</u>
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	\$ 65,000	\$ 20,000
Net assets released from donor restrictions	<u>(9,735)</u>	<u>(20,500)</u>
Increase (decrease) in net assets with donor restrictions	<u>55,265</u>	<u>(500)</u>
INCREASE IN NET ASSETS	1,049,584	419,152
NET ASSETS		
Beginning	<u>2,768,378</u>	<u>2,349,226</u>
Ending	<u>\$ 3,817,962</u>	<u>\$ 2,768,378</u>

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

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	<u>Program Services</u>					<u>Fundraising</u>					<u>Total</u>
	<u>Production</u>	<u>Programming</u>	<u>Technical</u>	<u>Underwriting</u>	<u>Education</u>	<u>Public Information</u>	<u>Membership</u>	<u>Special Events</u>	<u>Major Giving</u>	<u>Management and General</u>	
Salaries	\$ 245,702	\$ 68,118	\$ 159,779	\$ 46,644	\$ 47,213	\$ 28,380	\$ 56,978	\$ -	\$ 99,870	\$ 174,442	\$ 927,126
Employee benefits	33,842	10,092	20,739	2,184	8,414	1,448	8,766	-	4,165	21,823	111,473
Payroll taxes	17,282	5,558	11,190	3,432	3,218	1,912	4,075	-	7,404	12,362	66,433
Professional services	23,671	15,866	18,703	8,576	13,148	473	5,350	-	2,505	11,323	99,615
Dues	6,925	16,628	9,183	610	35	23	14,445	-	1,237	26,304	75,390
Program acquisitions	-	530,740	-	-	-	-	-	-	-	-	530,740
Communications	3,535	22,696	1,702	767	672	195	4,901	-	707	3,716	38,891
Postage and shipping	76	1	36	-	-	-	1,881	-	259	685	2,938
Rental	1,388	443	666	279	277	69	278	-	278	1,110	4,788
Interest	28,454	14,526	4,632	610	4,119	145	1,127	-	1,151	9,121	63,885
Maintenance	25,915	1,315	31,394	753	2,604	294	1,036	-	902	3,356	67,569
Utilities	32,080	2,099	36,539	677	4,664	159	1,272	-	1,299	10,394	89,183
Printing and publications	107	82	148	95	2	-	5,410	787	1,631	306	8,568
Supplies	11,941	506	5,851	368	9,120	77	317	966	516	4,377	34,039
Meetings, travel	1,425	212	1,402	444	55	37	101	723	567	1,299	6,265
Advertising and promotion	-	-	-	-	3,434	5,000	-	28	-	-	8,462
Premiums/acquisitions	-	-	-	-	-	-	18,281	-	-	-	18,281
Casualty insurance	20,332	1,356	3,032	400	3,013	88	809	-	827	6,890	36,747
Depreciation	161,448	4,447	152,397	1,436	8,364	1,915	4,131	-	3,049	11,353	348,540
Vehicle expense	214	-	175	-	-	-	-	-	-	-	389
Miscellaneous	9,497	-	6,587	452	-	-	9,296	313	863	1,771	28,779
	<u>\$ 623,834</u>	<u>\$ 694,685</u>	<u>\$ 464,155</u>	<u>\$ 67,727</u>	<u>\$ 108,352</u>	<u>\$ 40,215</u>	<u>\$ 138,454</u>	<u>\$ 2,817</u>	<u>\$ 127,230</u>	<u>\$ 300,632</u>	<u>\$ 2,568,101</u>

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

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	<u>Program Services</u>					<u>Fundraising</u>					<u>Total</u>
	<u>Production</u>	<u>Programming</u>	<u>Technical</u>	<u>Underwriting</u>	<u>Education</u>	<u>Public Information</u>	<u>Membership</u>	<u>Special Events</u>	<u>Major Giving</u>	<u>Management and General</u>	
Salaries	\$ 207,329	\$ 56,620	\$ 133,669	\$ 68,242	\$ 22,571	\$ 29,201	\$ 46,334	\$ 1,824	\$ 48,118	\$ 130,255	\$ 744,163
Employee benefits	22,860	5,773	6,492	1,798	1,336	1,921	3,858	-	2,483	25,257	71,778
Payroll taxes	14,920	4,090	9,592	5,475	1,732	2,392	3,518	-	3,745	9,756	55,220
Professional services	12,072	1,843	9,008	3,201	1,608	1,106	14,816	6	1,843	8,472	53,975
Dues	5,496	11,555	8,508	391	10	797	6,632	-	1,376	24,653	59,418
Program acquisitions	-	578,979	-	-	-	-	-	-	-	-	578,979
Communications	3,469	22,293	1,790	1,388	278	417	4,843	-	713	3,352	38,543
Postage and shipping	12	-	8	3	37	-	2,712	125	90	361	3,348
Rental	1,368	273	684	547	110	164	448	4,375	273	1,094	9,336
Interest	43,175	18,757	8,146	1,631	4,806	543	1,668	-	1,663	6,194	86,583
Maintenance	15,272	852	14,628	487	1,687	191	671	-	584	2,174	36,546
Utilities	35,696	1,815	41,296	1,345	3,973	449	1,383	-	1,376	5,122	92,455
Printing and publications	339	174	296	238	35	81	7,002	311	553	615	9,644
Supplies	4,280	411	796	784	246	153	911	9,026	374	5,627	22,608
Meetings, travel	1,062	88	2,292	6,021	109	22	482	11,762	223	5,458	27,519
Advertising and promotion	-	-	-	-	-	16,000	-	-	80	-	16,080
Premiums/acquisitions	-	-	-	-	-	-	19,812	-	-	-	19,812
Casualty insurance	22,708	1,293	3,638	734	2,499	292	1,015	-	892	3,274	36,345
Depreciation	154,453	4,316	120,934	1,393	8,117	1,858	4,010	-	2,959	11,018	309,058
Vehicle expense	1,223	-	285	-	-	-	-	-	-	-	1,508
Miscellaneous	78	-	-	3,182	-	-	9,568	1,121	842	3,576	18,367
	<u>\$ 545,812</u>	<u>\$ 709,132</u>	<u>\$ 362,062</u>	<u>\$ 96,860</u>	<u>\$ 49,154</u>	<u>\$ 55,587</u>	<u>\$ 129,683</u>	<u>\$ 28,550</u>	<u>\$ 68,187</u>	<u>\$ 246,258</u>	<u>\$ 2,291,285</u>

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

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 1,049,584	\$ 419,152
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	348,540	309,058
Forgiveness of Paycheck Protection Program loan	(178,617)	-
Gain on disposal of property, plant and equipment	(2,000)	-
Net (increase) decrease in operating assets		
Accounts receivable	(27,711)	(3,117)
Prepaid expenses	(15,365)	11,326
Net increase (decrease) in operating liabilities		
Accounts payable	489	7,560
Accrued compensation, benefits and withholdings	32,420	25,215
Deferred revenue	(40,450)	(27,408)
Rental deposits	-	1,525
	1,166,890	743,311
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(479,128)	(375,507)
 Net cash used by investing activities	(479,128)	(375,507)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in line of credit	-	(365,000)
Proceeds from Paycheck Protection Program loan	178,617	178,617
Payments on notes payable	(133,215)	(94,272)
 Net cash provided (used) by financing activities	45,402	(280,655)
 NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 733,164	\$ 87,149

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

	<u>2021</u>	<u>2020</u>
CASH AND CASH EQUIVALENTS		
Beginning	\$ 133,087	\$ 45,938
Net increase in cash and cash equivalents	<u>733,164</u>	<u>87,149</u>
Ending	<u>\$ 866,251</u>	<u>\$ 133,087</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during year for interest	<u>\$ 63,885</u>	<u>\$ 86,583</u>
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(The accompanying notes are an integral part of these statements.)

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Corporation

The Greater Chattanooga Public Television Corporation (the Corporation) is a nonprofit corporation providing public and educational broadcast services to the Greater Chattanooga area. The Corporation operates a noncommercial public television station, WTCI – Chattanooga, which is affiliated with the Public Broadcasting Service.

Basis of presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958-205, Not-for-Profit Entities, Presentation of Financial Statements.

The financial statements of the Corporation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities. In accordance with current guidance, the Corporation is reporting information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is received. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported support, revenues and expenses. Actual results could vary from the estimates that were used.

Accounting pronouncements adopted

The Corporation implemented ASU 2014-09 using a full retrospective method of application. The adoption of ASU 2014-09 resulted in changes to the disclosure of revenue. There were no material changes to the recognition or presentation of revenue as a result of the application of ASU 2014-09. As a result, no cumulative effect adjustment was recorded upon adoption.

Revenue recognition

Revenue from Exchange Transactions: The Corporation recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Corporation records the following exchange transaction revenue in its statements of activities for the year ended June 30, 2021 and 2020:

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Production services

The Corporation performs services including writing, producing, and editing material to create and produce local programs for broadcast on-air for regional and national distribution. Revenues are recognized when services are completed and delivered to the customer.

Program underwriting

Underwriting revenues include amounts received in exchange for recognition within the Corporation's television or digital programming. The Corporation recognizes underwriting revenues on a pro rata basis over the period the underwriting contract covers.

Special events

The Corporation conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant of the event – the exchange component, and a portion represents contribution to the Corporation. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Corporation. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs of the special events, which ultimately benefit the donor rather than the Corporation, are recorded as fundraising costs in the statement of functional expenses. The performance obligation is delivery of the event. The event fee is set by the Corporation. FASB ASU 2014-09 requires allocation of the transaction price to the performance obligation. Accordingly, the Corporation presents in its notes to the financial statements the exchange and contribution components of the gross proceeds from special events. Special event fees collected by the Corporation in advance of its delivery are initially recognized as liabilities (deferred revenue) and recognized as special event revenue after delivery of the event.

Studio and tower rental

The Corporation leases studio space and tower use to customers. The Corporation recognizes these revenues on a pro rata basis over the life of the respective leases.

Grants from Government Agencies

The Corporation receives grants and contracts funding from various federal, state and local governments to provide a variety of support for programs. Grant and government contract revenues are recognized in revenue when the conditions on which they depend are substantially met (for example, by incurring allowable costs or providing units of service). If there are no conditions, the grant revenue is recognized when the grantor informs the Corporation of its promise of the unconditional grant.

In-kind contributions and donated personal services

Donated personal services are recognized as contributions in accordance with current standards if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Corporation. Numerous volunteers provided services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under these standards were not met.

Donated services that do not represent personal services are actually donated "goods" and should be treated as gifts-in-kind, rather than as contributed services. These contributions and other noncash donations are valued at estimated fair value at the time of the donation.

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pledges and promises to give

The Corporation engages in periodic fundraising campaigns manifested by offering some special television programs and on-air and mail fundraising appeals. These appeals encourage supporters, both individuals and corporations, to provide financial contributions to the Corporation for enhancement of program offerings and other operating expenses. Financial contributions are frequently evidenced by pledges received from responding viewers. However, as uncollected pledges are not enforceable against contributors, they are neither shown as assets on the statement of financial position nor as revenue on the statement of activities. Contributions and collected pledges are components of the unrestricted operating fund inasmuch as their usage is not limited to specific activities of the Corporation. This usage is consistent with appeals for contributions and pledges.

Property, equipment and depreciation

It is the Corporation's policy to consider donations of long-lived assets, unless otherwise restricted by the donor, as support without donor restrictions at the date they are placed in service. These assets are recorded as contributions at their estimated fair value at the time of the donation.

Contributions for the acquisition of long-lived assets are reported as support with donor restrictions until the asset is placed in service and/or any time restrictions expire. Purchased assets are recorded at cost.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Depreciation expense of \$348,540 and \$309,058 was charged to operations for the years ended June 30, 2021 and 2020, respectively.

Cash equivalents

The Corporation considers all funds on deposit at financial institutions that have original maturities of three months or less to be cash equivalents.

Advertising

Advertising costs are expensed as incurred. Donated advertising costs are expensed at the estimated fair market value at the time of receipt. Advertising expense of \$8,462 and \$16,080 was charged to operations for the years ended June 30, 2021 and 2020, respectively.

Recent accounting pronouncement

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). This ASU requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the statement of financial position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the statement of activities and changes in net assets and the statement of cash flows will be substantially unchanged from the existing lease accounting guidance. The ASU is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Corporation is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(2) LIQUIDITY

The Corporation's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are as follows:

	2021	2020
Cash and cash equivalents	\$ 866,251	\$ 133,087
Accounts receivable	51,702	23,991
Total financial assets as of end of year	\$ 917,953	\$ 157,078
Financial assets available to meet cash needs for general expenditures within one year	\$ 917,953	\$ 157,078

As part of the Corporation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Corporation has an unsecured line of credit with First Horizon Bank in the amount of \$500,000. As of June 30, 2021 and 2020, there were no borrowings against this line.

(3) PROPERTY AND EQUIPMENT

The Corporation has purchased equipment using federal funds from the Public Telecommunications Facilities Program (PTFP). Accordingly, under the grant agreements, there is a lien against the equipment for ten years subsequent to the close out of the grant award.

Original Cost Equipment Description	Original Cost Lien of Equipment Purchased	Expiration Date
PTFP Grant No. 47-02-09183 Digital Television Equipment	\$ 258,773	September 2021

(4) COMPENSATED ABSENCES

Employees accrue annual leave using a ratio determined by years of full-time service. A maximum of 42 days may be accumulated, depending on years of full-time service. A provision has been made for compensated absences relative to annual leave. There was \$81,584 and \$65,277 accrued for compensated absences for the years ended June 30, 2021 and 2020, respectively.

(5) LINE OF CREDIT

The Corporation has an unsecured line of credit with First Horizon Bank in the amount of \$500,000. As of June 30, 2021 and 2020, there were no borrowings against this line.

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(6) NOTES PAYABLE

Notes payable consist of the following:

	2021	2020
Note to First Tennessee Bank, payable in monthly installments of \$752, including interest at 5.15%, through August 2021, secured by vehicle	\$ 2,323	\$ 10,981
Note to First Tennessee Bank, payable in monthly installments of \$5,091, including interest at 4.29%, through May 2027, secured by real property	323,551	370,935
Note to First Tennessee Bank, payable in monthly installments of \$10,725, including interest at 4.69%, through March 2032, secured by real property	1,108,415	1,185,587
	1,434,289	1,567,503
Less current maturities	131,976	133,089
	\$ 1,302,313	\$ 1,434,414

Maturities of notes payable are as follows:

For the year ending June 30, 2022		\$ 131,976
2023		135,044
2024		140,536
2025		146,510
2026		153,715
Thereafter		726,508
		\$ 1,434,289

(7) PAYCHECK PROTECTION PROGRAM LOAN

On April 18, 2020, the Corporation was granted a loan from First Horizon Bank in the amount of \$178,617, pursuant to the Paycheck Protection Program (PPP) of the Coronavirus Aid, Relief, and Economic Security Act, which was enacted March 27, 2020. This loan was forgiven during the year ended June 30, 2021, and is included in miscellaneous revenue in the accompanying statements of activities.

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(7) PAYCHECK PROTECTION PROGRAM LOAN (continued)

On February 22, 2021, the Corporation was granted a second loan from First Horizon Bank in the amount of \$178,617, pursuant to the Paycheck Protection Program (PPP) of the Coronavirus Aid, Relief, and Economic Security Act, which was enacted March 27, 2020. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, rent, utilities, and interest on debt obligations incurred before February 15, 2020. The Corporation intends to use the entire loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The Corporation expects to have the balance of this loan fully forgiven. This loan is included in long-term liabilities in the accompanying statements of financial position.

(8) LEASE OBLIGATIONS

The Corporation has entered into operating leases for the rental of equipment. Minimum lease commitments under these leases are as follows:

For the year ending June 30, 2022	\$	4,661
2023		4,351
2024		<u>2,333</u>
	\$	<u><u>11,345</u></u>

Rent expense related to these leases totaled \$4,661 for the years ended June 30, 2021 and 2020.

(9) TOWER RENTAL

The Corporation receives revenue for tower rental under five operating leases with remaining terms of two years. All of these leases have at least one five-year renewal period remaining. Rent revenue related to these rentals totaled \$32,158 and \$30,283 for the years ended June 30, 2021 and 2020, respectively.

Future minimum rentals under the above leases are as follows:

For the year ending June 30, 2022	\$	33,946
2023		<u>34,930</u>
	\$	<u><u>68,876</u></u>

(10) RETIREMENT PLAN

The Corporation has a qualified retirement plan with 401(k) salary reduction plan. Employees must meet age and length of service requirements. The Corporation contributes a 3% safe harbor match to all eligible employees. For the year ended June 30, 2020, the match was suspended. The match was reinstated during the year ended June 30, 2021. Retirement expense for the years ended June 30, 2021 and 2020, was \$25,065 and \$0, respectively.

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(11) FUNDING SOURCES

Corporation for Public Broadcasting

The Corporation of Public Broadcasting (CPB) is a private, nonprofit grant-making Corporation responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public telecommunications entities. CSGs are used to augment the financial resources of public broadcasting stations and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated Section 396(k)(7), (1983) Supplement. In any event, each grant must be expended within two years of the initial grant authorization.

According to the Communications Act, funds may be used at the discretion of recipients. Public broadcasters use these funds for purposes relating primarily to production and acquisition of programming. Also, the Grants may be used to sustain activities begun with Community Service Grants awarded in prior years.

The Grants are reported on the accompanying financial statements as unrestricted operating funds; however, certain guidelines must be satisfied in connection with the application for and use of the Grants to maintain eligibility and compliance requirements. The guidelines pertain to the use of Grant funds, recordkeeping, audits, financial reporting, and licensee status with the Federal Communications Commission.

The Corporation received additional CPB funding related to the CARES Act in the amount of \$260,205 for the year ended June 30, 2020. The Corporation received additional CPB funding related to the American Rescue Plan Act in the amount of \$472,792 for the year ended June 30, 2021.

State appropriation

Funds received from the Tennessee Board of Education are in the form of a direct appropriation. Funding for this appropriation must be approved each year by the state.

(12) SPECIAL EVENT REVENUE

Gross receipts from special fundraising events recorded by the Corporation consist of exchange transaction revenue and contribution revenue. Special event revenue for the years ended June 30, 2021 and 2020 were comprised completely of special event revenue.

(13) FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing the various programs and other activities, have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The basis of allocation of these expenses is the result of a time study. The percentage of time allocated to each of the programs and the supporting functions is based on the results of the time studies and is applied to the expenses that are allocated. The financial statements report expenses by function in the statements of functional expenses.

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

(14) RESTRICTION OF NET ASSETS

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

	2021	2020
Purpose restriction:		
Stronger Together grant	\$ 50,265	\$ -
I Want to Know grant	5,000	-
	\$ 55,265	\$ -

(15) INCOME TAXES

The Corporation is a tax-exempt not-for-profit entity under Section 501(c)(3) of the Internal Revenue Code and, except for taxes pertaining to unrelated business income, is exempt from federal and state income taxes. The Corporation has unrelated business income under Section 511 of the Internal Revenue Code. This income arises from production services and studio and tower rental.

The Corporation does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for uncertain tax positions. For the years ended June 30, 2021 and 2020, there were no interest or penalties recorded or included in its financial statements. Federal and Tennessee tax and information returns for tax years 2017 and beyond remain subject to examination.

(16) RISKS AND UNCERTAINTIES

During March 2020, a global pandemic was declared related to the rapidly growing outbreak of a novel strain of coronavirus (COVID-19). The pandemic has significantly impacted the economic conditions across the nation as federal, state, and local governments react to the public health crisis, creating significant uncertainties in the economy. This situation is rapidly changing, and additional impacts may arise. While the disruption is currently expected to be temporary, there is uncertainty around its duration. The ultimate future impact, if any, of the pandemic on results of operations, financial position, liquidity or capital resources cannot be reasonably estimated at this time.

(17) SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 20, 2021, the date which these financial statements were available for issue.

SUPPLEMENTAL INFORMATION

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2021

<u>Program</u>	<u>CFDA Number</u>	<u>Contract Number</u>	<u>Receivable Balance 07/01/20</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Receivable Balance 06/30/21</u>
<u>FEDERAL FINANCIAL AWARDS</u>						
U.S. Department of Education						
Passed through the State of TN						
Education Stabilization						
Fund Program - GEER	84.425	N/A	\$ -	\$ 165,595	\$ 165,595	\$ -
U.S. Department of the Treasury						
Passed through the State of TN						
Passed through the United Way of						
Greater Chattanooga						
Coronavirus Relief Fund	21.019	N/A	\$ -	\$ 498,005	\$ 498,005	\$ -
TOTAL FEDERAL EXPENDITURES			\$ -	\$ 663,600	\$ 663,600	\$ -
<u>STATE FINANCIAL AWARDS</u>						
TN Department of Education						
TN Board of Education	N/A	N/A	\$ -	\$ 430,793	\$ 430,793	\$ -
TN Department of Safety and Homeland Security						
	N/A	N/A	\$ 4,500	\$ 58,500	\$ 54,000	\$ -
TOTAL STATE EXPENDITURES			\$ 4,500	\$ 489,293	\$ 484,793	\$ -

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

The Schedule of Expenditures of Federal and State Awards is prepared on the accrual basis of accounting.



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

**To the Board of Directors of
The Greater Chattanooga Public Television Corporation**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Greater Chattanooga Public Television Corporation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year ended, and the related notes to the financial statements, and have issued our report thereon dated October 20, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Greater Chattanooga Public Television Corporation's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Greater Chattanooga Public Television Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Chattanooga, Tennessee	23		423 267 5945 f

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Greater Chattanooga Public Television Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Johnson, Weikert & Meacham, P.C.

Chattanooga, Tennessee
October 20, 2021

**THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2021 AND 2020**

FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED *GOVERNMENT AUDITING STANDARDS*

Current Year Finding

None

Prior Year Finding

None

