

**ILLINOIS VALLEY PUBLIC
TELECOMMUNICATIONS CORPORATION**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020



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**ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
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YEARS ENDED JUNE 30, 2021 AND 2020**

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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, 2021 and 2020, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Board of Trustees
Illinois Valley Public Telecommunications Corporation

Opinion

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Peoria, Illinois
September 30, 2021

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

ASSETS	2021	2020
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,506,801	\$ 974,193
Pledges Receivable, Net Allowance of \$41,688 for 2021 and \$7,049 for 2020	125,829	165,034
Accounts Receivables	117,654	188,818
Net Receivables	243,483	353,852
Inventory	3,564	4,554
Prepaid Expenses	72,888	67,777
Total Current Assets	2,826,736	1,400,376
INVESTMENTS	1,886,490	1,529,952
PROPERTY AND EQUIPMENT		
Land	524,557	524,557
Transmitter Building and Improvements	457,820	508,099
Building and Improvements	5,284,389	5,704,513
Furniture, Fixtures, and Equipment	2,010,172	6,539,565
Total Property and Equipment	8,276,938	13,276,734
Less: Accumulated Depreciation and Amortization	3,183,646	7,982,367
Net Property and Equipment	5,093,292	5,294,367
 Total Assets	 \$ 9,806,518	 \$ 8,224,695

See accompanying Notes to Financial Statements.

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2021 AND 2020

	2021	2020
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 350,364	\$ 265,362
Current Maturities of Long-Term Debt	266,309	101,861
Accrued Expenses	126,490	48,952
Total Current Liabilities	743,163	416,175
LONG-TERM LIABILITIES		
Long-Term Debt, Less Current Maturities	1,135,741	655,383
Payroll Protection Program Loan	270,077	221,700
Total Long-Term Liabilities	1,405,818	877,083
Total Liabilities	2,148,981	1,293,258
NET ASSETS		
Without Donor Restrictions:		
Undesignated	5,771,047	5,381,514
Board-Designated Endowment	1,886,490	1,529,952
Total Net Assets, Without Donor Restrictions	7,657,537	6,911,466
With Donor Restrictions	-	19,971
Total Net Assets	7,657,537	6,931,437
Total Liabilities and Net Assets	\$ 9,806,518	\$ 8,224,695

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	1,623,116	\$ -	\$ 1,623,116
Matching Contributions	152,101	-	152,101
In-Kind Contributions and Donated Services	162,649	-	162,649
Grants from Corporation for Public Broadcasting	1,311,248	-	1,311,248
State Grants	94,260	-	94,260
Other Grants	18,000	-	18,000
Auction Income	135,031	-	135,031
Underwriting Income	223,542	-	223,542
Contract Services	97,666	-	97,666
Interest Income	264	-	264
Net Investment Income	367,767	-	367,767
Lease Income	235,711	-	235,711
Special Events	24,914	-	24,914
Miscellaneous	7,746	-	7,746
Net Assets Released from Restrictions	19,971	(19,971)	-
Total Revenue, Gains, and Other Support	4,473,986	(19,971)	4,454,015
OPERATING EXPENDITURES			
Program Services:			
Programming	738,607	-	738,607
Production	349,070	-	349,070
Broadcast Operations	1,150,338	-	1,150,338
Total Program Services	2,238,015	-	2,238,015
Supporting Services:			
Fundraising and Development	805,680	-	805,680
Promotion	322,512	-	322,512
Management and General	626,531	-	626,531
Unrelated Business Services	80,579	-	80,579
Total Supporting Services	1,835,302	-	1,835,302
Total Expenditures	4,073,317	-	4,073,317
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	\$ 7,657,537	\$ -	\$ 7,657,537

See accompanying Notes to Financial Statements.

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

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

See accompanying Notes to Financial Statements.

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
STATEMENT OF 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	Unrelated Business Services	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	17,485	1,639	142,448	185,850
Communications	-	-	-	-	58,829	-	-	-	58,829	58,829
Postage and Shipping	-	114	-	114	33,760	7	919	-	34,686	34,800
Occupancy	-	-	142,650	142,650	-	-	66,416	-	66,416	209,066
FCC Repack Expenses	-	-	122,121	122,121	-	-	-	-	-	122,121
Rental and Maintenance of Equipment	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	-	6,330	15	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 Pledges/Accounts	-	-	-	-	-	-	-	71,889	71,889	71,889
Miscellaneous	-	311	329	640	7,132	383	38,024	-	45,539	46,179
Total Expenditures Before Depreciation	738,607	347,139	832,584	1,918,330	805,680	322,512	626,008	73,543	1,827,743	3,746,073
Depreciation	-	1,931	317,754	319,685	-	-	523	7,036	7,559	327,244
Total Expenditures	<u>\$ 738,607</u>	<u>\$ 349,070</u>	<u>\$ 1,150,338</u>	<u>\$ 2,238,015</u>	<u>\$ 805,680</u>	<u>\$ 322,512</u>	<u>\$ 626,531</u>	<u>\$ 80,579</u>	<u>\$ 1,835,302</u>	<u>\$ 4,073,317</u>

See accompanying Notes to Financial Statements.

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

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

See accompanying Notes to Financial Statements.

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 726,100	\$ 844,587
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	327,244	300,750
Net Unrealized (Gain) Loss on Investments	(350,179)	52,674
Loss on Sale of Assets	297	-
Gain on Extinguishment of Debt - PPP	(221,700)	-
In-kind Donation of Fixed Assets	-	(2,100)
Nonoperating Capital Grant Revenue	(123,702)	(899,712)
Effects of Changes in Operating Assets and Liabilities:		
Net Receivables	110,369	236,222
Inventory	990	(578)
Prepaid Expenses	(5,111)	153,064
Accounts Payable	85,002	(112,120)
Accrued Expenses	77,538	38,924
Deferred Revenue	-	(172,159)
Net Cash Provided by Operating Activities	626,848	439,552
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	(126,466)	(949,866)
Proceeds from Sale of Investments	379,504	292,594
Purchase of Investments, Including Reinvested Income	(385,863)	(302,029)
Net Cash Used by Investing Activities	(132,825)	(959,301)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Capital Grants	123,702	899,712
Principal Payments on Long-Term Debt	(155,194)	(99,258)
Proceeds from Payroll Protection Program Loans	270,077	221,700
Proceeds from Issuance of Other Long-Term Debt	800,000	-
Net Cash Provided by Financing Activities	1,038,585	1,022,154
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,532,608	502,405
Cash and Cash Equivalents - Beginning of Year	974,193	471,788
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,506,801	\$ 974,193
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	\$ 47,436	\$ 34,062

See accompanying Notes to Financial Statements.

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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, 2021 AND 2020

**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 of \$2,506,801 and \$974,193 at June 30, 2021 and 2020, 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, 2021 AND 2020

**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, 2021 AND 2020

**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, 2021 and 2020, 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.

Change in Accounting Principle

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. No cumulative-effect adjustments in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the Corporation's reported historical revenue.

Risks and Uncertainties

The World Health Organization has declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to WTVP, COVID-19 may impact various parts of its ongoing operations and financial results. WTVP believes it is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

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.

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
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NOTE 2 LIQUIDITY AND AVAILABILITY OF RESOURCES

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

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 2,506,801	\$ 974,193
Investments	1,886,490	1,529,952
Accounts and Pledge Receivables, Net	243,483	353,852
Total	<u>\$ 4,636,774</u>	<u>\$ 2,857,997</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, 2021 and 2020 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, 2021 and 2020 are the following promises to give:

	<u>2021</u>	<u>2020</u>
Program Underwriting	\$ 12,972	\$ 7,695
Membership	127,515	108,246
Matching	27,030	56,142
Gross Promises to Give	<u>167,517</u>	<u>172,083</u>
Less: Allowance for Uncollectible Receivables	41,688	7,049
Net Promises to Give	<u>\$ 125,829</u>	<u>\$ 165,034</u>

NOTE 4 INVESTMENTS

Investments as of June 30, 2021 and 2020 are summarized as follows:

	<u>2021</u>	<u>2020</u>
Corporate Bonds	\$ 741,891	\$ 697,133
Municipal Bonds	-	111,651
Mutual Funds	1,132,740	651,008
Money Market Funds	11,626	70,028
Equity Securities	233	132
Total Investments	<u>\$ 1,886,490</u>	<u>\$ 1,529,952</u>

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
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NOTE 4 INVESTMENTS (CONTINUED)

Components of net investment income are as follows for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Dividend and Interest Income	\$ 17,588	\$ 19,932
Unrealized Gain (Loss)	350,179	(52,674)
Net Investment Income (Loss)	<u>\$ 367,767</u>	<u>\$ (32,742)</u>

NOTE 5 DEBT

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

<u>Description</u>	<u>2021</u>	<u>2020</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.	\$ 586,922	\$ 651,706
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.	68,461	105,538
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>746,667</u>	<u>-</u>
Total	1,402,050	757,244
Less: Current Portion	<u>(266,309)</u>	<u>(101,861)</u>
Total	<u>\$ 1,135,741</u>	<u>\$ 655,383</u>

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
NOTES TO FINANCIAL STATEMENTS
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NOTE 5 DEBT (CONTINUED)

Future maturities of long-term debt are as follows:

Year Ending June 30,	Amount
2022	\$ 266,309
2023	709,074
2024	160,000
2025	160,000
2026	106,667
Total	\$ 1,402,050

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, 2022. 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 2021 and 2020.

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.

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NOTE 6 PAYROLL PROTECTION PROGRAM LOAN (CONTINUED)

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.

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 \$2,3585 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, 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).

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NOTES TO FINANCIAL STATEMENTS
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NOTE 7 LEASE INCOME (CONTINUED)

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>
2022	\$ 175,706
2023	86,539
2024	40,684
2025	28,072
2026	13,226
Total	<u>\$ 344,227</u>

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.

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NOTE 8 FAIR VALUE MEASUREMENTS (CONTINUED)

For the fiscal years ended June 30, 2021 and 2020, 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, corporate bonds, 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, 2021 and 2020:

	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>

Fair Value on a Recurring Basis

	2020			Total
	Level 1	Level 2	Level 3	
Investments:				
Municipal Bonds	\$ -	\$ 111,651	\$ -	\$ 111,651
Corporate Bonds	-	697,133	-	697,133
Mutual Funds	651,008	-	-	651,008
Equity Securities	132	-	-	132
Money Market Funds	70,028	-	-	70,028
Total Investments	<u>\$ 721,168</u>	<u>\$ 808,784</u>	<u>\$ -</u>	<u>\$ 1,529,952</u>

NOTE 9 CONCENTRATION OF CREDIT RISK

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

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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, 2021 and 2020, 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, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Board-Designated Endowment Net Assets -		
Beginning of Year	\$ 1,529,952	\$ 1,573,191
Investment Income, Net of Fees	6,359	9,435
Net Appreciation	<u>350,179</u>	<u>(52,674)</u>
Board-Designated Endowment Net Assets -		
End of Year	<u>\$ 1,886,490</u>	<u>\$ 1,529,952</u>

NOTE 11 SUBSEQUENT EVENTS

Management evaluated subsequent events through September 30, 2021, the date the financial statements were available to be issued.