

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION

Executive Committee Meeting September 23, 2021 – 7:30 AM Minutes

Present: Lesley Matuszak

Phone/WebEx: Chairman Andrew Rand, Sid Ruckriegel, Stephen Morris, Helen Barrick – Executive Committee; Melissa Yoder, Amanda Campbell and Andrew Beoletto – auditors from CliftonLarsonAllenLLP; and Danna Luo-NETA

The meeting was called to order at 7:30 AM by Stephen Morris per request from Chairman Rand.

AUDIT OVERVIEW presented by Melissa Yoder of Clifton Larson Allen

This is the conclusion of our 2021 audit, and the results on the financial statement and our audit report is in draft.

This is subject to the approval of the committee. It is consistent that we typically present here at the September committee meeting, so we're in accordance with the timeline that we laid out and agreed upon. In time for the board meeting, we will be issuing an unmodified or a clean audit opinion on the 2021 financial statements. We will talk through a few of the audit adjustments that were proposed through the process, but the conclusion is a cleaner unmodified audit again this year.

AREAS OF EMPHASIS – 2021 AUDIT

Last year the Small Business Association's Paycheck Protection Program or PPP borrowing was launched and WTVP was able to secure \$221,000 that was listed as a liability on June 30, 2020. Forgiveness was applied on November 26, 2020, and the debt became revenue in the 2021 financial statements. In March 2021, a second PPP loan was approved and WTVP had a new liability for \$270,000 as of June 30, 2021.

The third item relates to the arrangement regarding the former CEO and the cost and salary sharing with the University of Illinois. These amounts were recorded as liabilities on the financial statements. Those amounts are going to remain a liability on the balance sheet.

OVERVIEW OF 2021 AUDIT RESULTS AND GOVERNANCE COMMUNICATION LETTER

We will be issuing a separate deliverable known as the Auditor Communication to Governance. This letter will include all of the items just discussed and any difficulties faced by the Auditors in obtaining information. There were no difficulties or disagreements in working with WTVP nor any additional findings. The letter will also include any proposed audit adjustments like the one just discussed for the state funding. Another adjustment relates to the Caterpillar match on contributions. It involved substantiating the amounts that had been collected prior to the match and then what should truly be a receivable from Caterpillar at the end of June 2021.

THE FINANCIAL POSITION

ASSETS:

On page nine are the assets of the organization at \$9.8 million dollars on June 30, 2021, compared to \$8.2 million at the end of fiscal year 2020. Most of the increase was in two categories, cash and investments.

- Cash was \$2.5 million at the end of June 2021. Part of this amount came from the \$800,000 equipment loan taken out prior to the end of the fiscal year but not yet spent as upgrades are still in the proposal and early installing phase. Those projects should be completed in FY 2022.
- Investments were down at the end of June 2020 as the market was freefalling due to Covid. The markets have since rebounded and June 2021 was a very good month with an appreciation of the investment portfolio by about \$350,000.
- The combination of cash and investments was most of the \$1.6 million dollar increase in the asset position.

LIABILITIES:

For 2021 the liabilities were \$2.1 million compared to \$1.3 for 2020 caused primarily by the \$800,000 equipment loan.

REVENUE, EXPENSES AND OTHER INCOME:

Total revenues in 2021 were \$4.5 million compared to just under \$4 million in 2020. It was a good year for contributions and a lot of active events thanks to the aggressive efforts of the CEO and the WTVP team. Also up were the grant monies from the Center for Public Broadcasting.

The increase in investments helped to offset the loss of revenue for a comparable amount from travel tours which grossed \$360,000 in FY2020 before Covid hit. So, the increase in revenues of approximately \$500,000 came via contributions and the increased Community Service grant. Since much of the grant money gets moved to expenses to cover CPB annual dues, that leaves the true increase coming from fundraising. There were also additional dollars through development, marketing and relationship building.

Expenses stayed fairly flat with an increase on fundraising and development but a zero for travel tour expenses. With revenues up around \$500,000 and expenses down about \$100,000, operating activities produced a surplus of approximately \$380,000.

In the non-operating revenue, there are two items of note. Last year the capital dollars that were provided for the spectrum repack are down in non-operating revenue because corresponding cash outlay on those dollars is going into the capital assets. It is not really funding true operating expenses; hence it is presented as a revenue item, but non-operating because most of the work is now completed.

From Operations, the \$380,000 surplus plus the non-operating revenues of \$350,000 are constituting the \$725,000 increase in the net asset position during this fiscal year.

CASH FLOW:

Operations produced \$625,000 of operating cash again compared to last year with most of the money coming through memberships and the auction along with increased CPB dollars. Operating expenses were fairly constant with some spend on capital gain mostly related to the spectrum repack. Additionally, the PPP loan and the equipment loan added to the other revenue is driving the increase in the cash flow from \$1 million to 2.5 million at the end of June.

PROFIT & LOSS STATEMENT

Net operating gain or loss: Net loss including depreciation YTD through August 2021 is \$141.6K.

Total Revenue: Total revenue YTD through August 2021 is \$605.7K, \$119.6K behind budget due to timing of a State of Illinois grant. Offsetting that decrease is the \$200K received from major giving, which is primarily bequests and memorials. This is way over the budgeted amount of \$56

Total Expenses: Total expense before depreciation YTD through August 2021 is \$694.3K, \$88.4K ahead of budget primarily due to payroll accruals and special events expenses.

BALANCE SHEET

Currents Assets are ahead this year, \$6.2M vs. \$4.3M due to increased Cash and Cash Equivalents and Investments.

Net Property and Equipment are at \$5.1M, comparable to prior year.

Current Liabilities are at \$1.6M, higher than prior year by \$257.0K due to increased CPB grant estimate and Entec financing for the compressors installed in FY21.

Long Term Liabilities have increased due to new equipment notes payable and the second PPP loan received in April 2021.

Net Assets/Fund Balance has increased by \$822.6K compared to YTD August 2020.

Cash Flow For the month ending August 31, 2021, the station decreased its cash position by \$251.3K.

Cash Flows from Operating Activities The station spent \$139.3K in operating activities.

Cash Flows from Investing Activities The station spent \$59.9K in investing activities comprised mainly of fixed assets purchases.

Cash Flows from Financing Activities The station spent \$52.1K due to payments on existing note payables

MOTIONS

Motion to approve the August financials is approved and seconded. Motion to approve the audit separate from the management letter is approved and seconded. The board treasurer has agreed to work with the auditors to word the management letter regarding segregation of duties with more precise language. Once completed, there will be a vote to accept the letter.

FROM THE PRESIDENT AND CEO:

- We have received the close-out letter from the FCC for the **Spectrum Repack Project**. All invoices have been paid, turned into the FCC and have been reimbursed.
- We had an **insurance risk assessment** audit last week and there were only two recommendations. First, to make sure we have Certificates of Insurance from all vendors and customers and that WTVP is named as additional insured. Second, it was recommended that we paint stripes on the outside steps to reduce the risk of claims from falling. Having cleaned out the building for the fire inspection put us in excellent condition for the insurance audit.
- We have completed the application to **renew our FCC license**, an event that takes place every eight years. The due date is Dec. 1, and we are just waiting for confirmation of that renewal which may not come from the FCC until the end of the year.
- Lin is currently working on the **PPP loan forgiveness application**. We expect to have the entire \$270,000 forgiven.
- We are looking to **replace our phone system** with a gift from Oberlander Children's Charities. The service would be through Voice Spring with Oberlander donating the cost of all the new phones and paying half of the installation cost. Our cost upfront would be \$8,845 and we would make that back in 16 months. As a side note, this is not part of the \$50,000 station upgrade.
- **Nominations to fill the opening on the executive committee** have narrowed the search to Jeromee Hermann currently a Commercial Banking Executive with Morton Community Banks and formerly Senior Vice President and Regional Manager for Wells Fargo Bank since November 2010. In addition to his stellar credentials, he is a supporter of public television and our community. With that recommendation, the executive committee approves an offer to Mr. Hermann.
- We are moving ahead with our **McLean County Chamber partnership**. We are already seeing an increase in interest for public television in that arena.

With the conclusion of the President's report and no other new or old business, we stand adjourned. The next meeting is October 28 at 7:30 AM, with the option to be present by phone depending on the governor's orders. The next board meeting is on October 12 at 4:00 PM and the approved audit will be presented along with the approved management letter following modifications by our board treasurer and the auditors.

Respectfully submitted by

Lin McLaughlin

Director of Finance and Human Resources