

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION

Executive Committee Meeting

September 22– 7:30 AM

Minutes

Present: Executive Committee Members: Andrew Rand, Sid Ruckriegel and Helen Barrick; Auditors from CliftonLarsonAllen LLP: Melisa Yoder and Amanda Campbell and WTVP CEO: Lesley Matuszak

Joining by Phone/WebEx: Executive Committee Members: Jessica Ford and Stephen Shipley; Auditor from CliftonLarsonAllen LLP: Andy Beoletto, Carol Farris-NETA; and WTVP Dir. of Finance & HR: Lin McLaughlin, and non-committee members

Noting the presence of a quorum, Executive Committee Chairman Andrew Rand called the meeting to order at 7:30 AM. Chairman Rand asked for any additions or corrections and, with none being made, he requested a motion to approve the minutes. Sid Ruckriegel moved to accept the motion and it was seconded by Helen Barrick. The motion was passed unanimously.

PROFIT & LOSS STATEMENT presented by Carol Farris from NETA

- **Net operating gain or loss:** Net gain including depreciation YTD through August 2022 is \$58.5K.
- **Total Revenue:** Total revenue YTD through August 2022 is \$693.3K, \$99.5K behind of budget due to Estimated CPB Grant Funding not being computed. Membership, major donations, and magazine revenue is all above budget.
- **Total Expenses:** Total expense before depreciation YTD through August 2022 is \$577.2K, \$115K less than budgeted due to payroll and programming costs that haven't been annualized.

BALANCE SHEET

- **Currents Assets** at August YTD were \$4.3M vs. \$5.7M due to decreased Cash related to current and long-term debt payments and loss on investment.
- **Net Property and Equipment** are at \$5.4M, about \$305K above prior year.
- **Current Liabilities** are at \$1.7K. Programming Dues and CPB CSG funds have not been annualized.
- **Long Term Liabilities** have decreased due to the pay down on long term debt.
- **Net Assets/Fund Balance** are less than the prior year by \$606.7K, which continues to be due to the stimulus funds being utilized in operations and fixed assets.

CASH FLOW

For the fiscal year to date period ending August 31, 2022, the station decreased its cash position by \$175K

- **Cash Flows from Operating Activities:** The station increased cash by \$60.4K in operating activities.
- **Cash Flows from Investing Activities:** The station spent \$70.5K in investing activities comprised primarily of proceeds from investments.
- **Cash Flows from Financing Activities:** The station spent \$44K for payments on existing debt payables.

MOTIONS

Motion to approve the August financials was made by Helen Barrick with a second from Sid Ruckriegel. The motion passed unanimously.

AUDIT OVERVIEW presented by Melissa Yoder of Clifton Larson Allen

This is the conclusion of our 2022 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 2022 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 – 2022 AUDIT

1. In 2020 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. Forgiveness was applied on December 13, 2021.
2. Relating to the arrangement regarding the former CEO and the cost and salary, these amounts were recorded as liabilities on the financial statements. Those amounts will no longer be in accounts payable.
3. The State Grant Receivable of \$350,000 has been removed from Receivables until such time as a contractual agreement is received from the Illinois Dept. of Commerce and Economic and accepted by WTVP. This item was removed in the previous audit as directed to NETA by the Finance Committee. The reintroduction as a receivable to this year's audit was incorrectly made by NETA and will be removed again before the final audit.
4. The last item is the asset purchase agreement of Peoria Magazine from Central Illinois Business Publishers.

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.

THE FINANCIAL POSITION

ASSETS:

On page six are the assets of the organization at \$8.4 million dollars on June 30, 2022, which represents a decrease due to the one-time CPB American Rescue Act Funds in April 2021.

- 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.
- June 2021 was a very good month with an appreciation of the investment portfolio by about \$350,000. However, FYE 2022, investments were down.
- The combination of cash and investments was most of the dollar decrease in the asset position.

LIABILITIES:

For 2022 the liabilities were \$1.3 million compared to \$2.1 million for 2021 caused by: the decrease of \$350,000 in Accounts Payable; Consideration Payables that may be still owed for Peoria Magazine; Accrued Expenses decreased by \$220,000 due in part to the payoff to Entec for an equipment purchase and the rest to the timing of payroll in June 2021 compared to June 2022. The forgiveness of the PPP loan of \$270,077 added to the reduction and last is the decrease in Long Term Debt of \$260,000 due to principal payments made on the mortgage.

REVENUE, EXPENSES AND OTHER INCOME:

Total revenues in 2022 were \$4 million compared to \$4.4 million in 2021 for a decrease of \$487,000. Line items that contributed to that decrease were contributions with a change in donated services and in-kind contributions. Another area of decrease was grant funding which was down this year, which is just \$20,000 short of the one-time loan from the CPB mentioned above under Assets. This puts the 2022 grants revenue on a level with the 2020 income from this source. Next is underwriting income which saw an increase of about \$106,000 over last year which helped some to offset the investment losses. Special Events bounced back after two years of shutdown with an increase of \$121,583 over FY2021. Last is miscellaneous where we reasoned was the best place to put the accrued salary of \$235,000.

Expenses rose by \$686,000 with more than half of that total attributed to salaries and payroll expenses due to adding Production positions following the Peoria Magazine acquisition. Professional services expenses rose due to production of in-house local shows and designers and free-lance writers for the magazine increasing that line item by \$180,000. Printing a publication increased that line item by nearly \$79,000. Marketing costs increased dramatically also related to the magazine and expected in the first year of a publication.

CASH FLOW:

Starting with a decline in net assets this year, the bottom line was further influenced by a drop in investment dollars and the lack of PPP loan and equipment loan dollars that inflated last years' cash flow from financing activities by \$1,070,077.

A motion is called to accept the draft pending anything significant. Motion is made to accept by Helen Barrick and seconded by Sid Ruckriegel. The motion was passed unanimously.

FROM THE PRESIDENT AND CEO, LESLEY MATUSZAK

Equipment Loan: Helen and I are researching the benefits of accepting PNC's offer to fix the rate on our equipment loan that matures on 2/17/2026.

Paper Shortages: The quality of the paper available to us for the WTVP Guide and Peoria Magazine varies depending on the supply. I am working with a source in New Hampshire to stabilize our supply.

Backlund Foundation: We are submitting an additional proposal to fund an environmental reporter.

Parking Lot Repair: We finally got action on the back lot that was becoming hazardous with sink holes. Through the city, sewer lines were repaired, and the holes were filled. The overall surface is still not smooth but no longer dangerous.

New Space for Editing: We are so busy with local productions that the two editing suites across from the studio are inadequate. We are repurposing the engineering room to accommodate additional editing cubicles.

Peoria Magazine Report:

Financials: Revenue for less than a year in publication is around \$569,000 from subscriptions, advertising and magazine sponsored special events.

Circulation: We started with a circulation of 12,000 with our first issue in March 2022, and now in less than a year we have grown to 17,000. Driving this increase is the request from corporations, big and small, particularly the medical and insurance community, to include Peoria Magazine in their recruiting package to promote Peoria as a desirable location.

DEVELOPMENT REPORT, SID RUCKRIEGEL

Memberships: Comparing five fiscal years from 2019-2023, we have gone from 4,800 to just over 6,100. Considering that three of those years were overshadowed by Covid related cutbacks and shutdowns, this is remarkable. Our goal remains at 7,000.

- On Air Membership Drives: Are they worth the time? The answer is still yes when it comes to attracting new members.
- Web Membership Drives: The numbers rose dramatically compared to pre-Covid but have continued to grow as we return to normal because of the convenience and the preference by younger demographics.
- Reaching the younger demographics is a priority for growth and to that end, the Peoria Magazine's Forty under Forty event is supporting that effort.

Underwriting: We have a strong start on FY23 with \$26,235 in under three months. Fiscal year 2022 ended at \$117,527 so we are well on our way to topping that figure.

With the conclusion of the President's report and the Development report with no other new or old business, Chairman Andrew Rand adjourned the meeting. The next meeting is on October 27 at 7:30 AM, with the option to be present or to join by phone. The next board meeting is on October 11th at 4:00 PM.

Respectfully submitted by Lin McLaughlin, Director of Finance and Human Resources