THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION

Chattanooga, Tennessee

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

Years ended June 30, 2019 and 2018

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, 2019

MANAGEMENT

Bryan Fuqua	Interim President & CEO/Senior VP of Technical Services
Cindye Valentine	Chief Financial Officer
Philip Trammell	VP of Development
Shaun Townley	VP of Content & Digital Strategy
Pam Carpenter	VP of Programming & Traffic

BOARD MEMBERS

Steve Gatlin	Chair
Meredith Perry	Vice Chair
Cole Powell	Treasurer
Jo Coke	Secretary
Deborah Arfken	Director
Julie Brandao	Director
Rose Decosimo	Director
Justin Dumsday	Director
Daniel Fell	Director
Jennifer Fuller	Director
Carol George-Hieronymus	Director
Barbary Haskew	Director
Jerre Haskew	Director
Bonnie Hathcock	Director
Paula Henderson	Director
Jeaninne Houck	Director
Sheryl Jaggers	Director
Don Jernigan	Director
Stacy Lightfoot	Director
Laurie Melnik	Director
Jessica Oliva-Calderin	Director
Marclyn Porter	Director
Frank Schriner, Jr.	Director
Alison Shaw	Director
Bruce Stewart	Director
Edna Varner	Director
Scott Wilson	Director
Jo Ann Yates	Director

JOHNSON HICKEY MURCHISON
CERTIFIED PUBLIC ACCOUNTANTS • SINCE 1977

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, 2019 and 2018, 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 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, 2019 and 2018, 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.

Other Matters

Other 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 state financial assistance 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2019, 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, Hickey & Murchison, P.C.

Chattanooga, Tennessee
October 16, 2019

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

ASSETS

	2019	2018
CURRENT ASSETS		
Cash and cash equivalents	$ 45,938	$ 65,028
Accounts receivable	20,874	29,688
Prepaid expenses	39,101	27,462
Total current assets	105,913	122,178
PROPERTY, PLANT AND EQUIPMENT		
Land	251,000	251,000
Buildings and improvements	3,782,623	3,782,623
Equipment, furniture and fixtures	4,626,027	4,468,852
Vehicles	58,864	52,109
Construction in progress	654,132	30,733
	9,372,646	8,585,317
Less accumulated depreciation	4,896,725	5,011,581
	4,475,921	3,573,736
OTHER ASSETS	11,000	-
	$ 4,592,834	$ 3,695,914

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

LIABILITIES AND NET ASSETS

	2019	2018
CURRENT LIABILITIES		
Line of credit	$ 365,000	$ 135,000
Current maturities of notes payable	125,000	111,505
Accounts payable	41,137	69,679
Accrued compensation, benefits and withholdings	94,038	106,184
Deferred revenue	81,658	60,117
Total current liabilities	706,833	482,485
LONG-TERM LIABILITIES		
Notes payable, less current maturities shown above	1,536,775	1,641,438
NET ASSETS		
Without donor restrictions	2,348,726	1,543,511
With donor restrictions	500	28,480
	2,349,226	1,571,991
	$ 4,592,834	$ 3,695,914

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

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Corporation for Public Broadcasting	$ 759,734	$ 741,602
Government Grants		
Grant from City of Chattanooga	93,000	75,000
Tennessee Board of Education	430,793	430,793
Tennessee Department of Safety and Homeland Security	57,104	-
Grants - other	960	21,857
Grants - FCC Repack	1,080,174	30,683
Membership	260,190	265,464
Major giving	165,103	197,648
Underwriting	226,223	344,769
Education	19,000	10,000
Special events	27,350	25,862
Bequests	-	50,000
In-kind contributions	77,976	41,107
Net assets released from donor restrictions	38,914	38,295
Total contributions and other support	3,236,521	2,273,080
Production services	27,775	80,555
Studio and tower rental	13,259	24,935
Loss on disposal of property, plant and equipment	(6,842)	-
Miscellaneous	36,209	3,489
	70,401	108,979
Total support, revenue and reclassifications	3,306,922	2,382,059
Expenses		
Program services	1,918,851	2,060,313
Fundraising	306,901	299,693
Management and general	275,955	260,949
	2,501,707	2,620,955
Increase (decrease) in net assets without donor restrictions	805,215	(238,896)

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

	2019	2018
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	$ 10,934	$ 42,000
Net assets released from donor restrictions	(38,914)	(38,295)
Increase (decrease) in net assets with donor restrictions	(27,980)	3,705
INCREASE (DECREASE) IN NET ASSETS	777,235	(235,191)
NET ASSETS		
Beginning	1,571,991	1,807,182
Ending	$ 2,349,226	$ 1,571,991

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

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	Program Services						Fundraising				
	Production	Programming	Technical	Underwriting	Education	Public Information	Membership	Special Events	Major Giving	Management and General	Total
Salaries	$ 251,499	$ 53,268	$ 133,521	$ 68,984	$ 28,492	$ 56,202	$ 48,778	$ 1,070	$ 108,551	$ 160,043	$ 910,408
Employee benefits	24,779	5,907	7,225	6,890	2,853	4,683	2,138	-	6,433	11,626	72,534
Payroll taxes	17,121	3,652	9,728	5,460	2,017	3,936	3,591	-	7,451	11,610	64,566
Professional services	12,265	1,960	4,905	3,392	1,335	2,240	2,160	26,667	2,460	12,304	69,688
Dues	3,993	11,303	8,249	705	18	632	8,058	-	996	25,822	59,776
Program acquisitions	-	576,061	-	-	-	-	-	-	-	-	576,061
Communications	3,914	22,382	2,674	1,566	314	470	5,024	-	784	5,255	42,383
Postage and shipping	11	73	1,570	3	203	22	3,351	141	265	544	6,183
Rental	2,123	403	1,010	807	162	242	4,753	-	403	1,669	11,572
Interest	42,002	21,594	9,768	2,846	4,573	966	2,498	-	2,279	8,712	95,238
Maintenance	12,489	685	16,470	392	1,356	153	540	-	470	1,748	34,303
Utilities	40,234	2,274	60,953	1,301	4,503	509	1,791	-	1,559	5,805	118,929
Printing and publications	270	142	101	147	198	213	3,832	487	472	464	6,326
Supplies	2,807	512	643	570	1,676	177	1,342	1,421	935	4,511	14,594
Meetings, travel	3,170	567	3,568	508	1,033	28	675	12,116	1,328	10,327	33,320
Advertising and promotion	10	-	-	-	9,000	40,387	449	150	-	725	50,721
Premiums/acquisitions	-	-	-	-	-	-	21,546	-	-	-	21,546
Casualty insurance	21,812	1,233	3,496	706	2,441	276	971	-	845	3,147	34,927
Depreciation	133,231	4,471	96,053	1,443	8,408	1,924	4,153	-	3,065	11,413	264,161
Vehicle expense	177	-	1,118	-	-	-	-	-	-	-	1,295
Miscellaneous	570	-	-	1,473	-	-	8,978	944	981	230	13,176
	$ 572,477	$ 706,487	$ 361,052	$ 97,193	$ 68,582	$ 113,060	$ 124,628	$ 42,996	$ 139,277	$ 275,955	$ 2,501,707

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

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018

	Program Services						Fundraising				
	Production	Programming	Technical	Underwriting	Education	Public Information	Membership	Special Events	Major Giving	Management and General	Total
Salaries	$ 238,935	$ 51,595	$ 127,815	$ 86,835	$ 27,896	$ 57,843	$ 46,319	$ 7,711	$ 78,087	$ 142,592	$ 865,628
Employee benefits	27,109	6,374	7,542	10,065	2,869	4,723	4,657	-	5,412	10,217	78,968
Payroll taxes	16,885	3,661	9,387	7,329	1,975	3,925	3,423	-	5,842	9,686	62,113
Professional services	15,194	44,784	4,123	2,042	168	3,283	871	14,306	1,131	20,397	106,299
Dues	3,699	10,967	7,966	1,482	83	1,485	8,651	-	1,991	25,455	61,779
Program acquisitions	-	573,917	-	-	-	-	-	-	-	-	573,917
Communications	3,875	22,310	3,453	2,018	377	385	7,774	-	697	3,994	44,883
Postage and shipping	24	21	616	51	-	1,210	4,193	56	657	522	7,350
Rental	1,612	362	1,327	1,049	186	458	5,529	-	370	1,413	12,306
Interest	40,452	24,643	7,093	2,247	4,631	1,076	1,842	-	1,737	6,515	90,236
Maintenance	14,374	759	34,839	523	1,573	258	587	-	521	1,936	55,370
Utilities	39,831	2,252	64,332	1,849	4,720	867	1,639	-	1,544	5,742	122,776
Printing and publications	265	98	287	319	240	445	3,838	29	93	860	6,474
Supplies	5,905	494	6,327	1,407	1,132	117	1,140	22,943	514	2,353	42,332
Meetings, travel	2,615	-	2,235	1,063	-	-	193	8,629	3,740	12,952	31,427
Advertising and promotion	35,454	-	-	-	-	13,500	1,159	167	324	-	50,604
Premiums/acquisitions	-	-	-	-	-	-	28,093	-	-	-	28,093
Casualty insurance	18,983	1,356	4,147	2,297	2,189	614	997	1,486	1,014	3,868	36,951
Depreciation	160,410	4,751	125,582	1,534	8,935	2,046	4,413	-	3,257	12,129	323,057
Vehicle expense	2,055	-	535	-	-	-	-	-	-	32	2,622
Miscellaneous	512	-	-	4,855	-	-	10,134	1,175	808	286	17,770
	$ 628,189	$ 748,344	$ 407,606	$ 126,965	$ 56,974	$ 92,235	$ 135,452	$ 56,502	$ 107,739	$ 260,949	$ 2,620,955

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

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	$ 777,235	$ (235,191)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Depreciation	264,161	323,057
Noncash contribution	(11,000)	-
Loss on disposal of property, plant and equipment	6,842	-
Net (increase) decrease in operating assets		
Accounts receivable	8,814	(19,293)
Prepaid expenses	(11,639)	19,914
Net increase (decrease) in operating liabilities		
Accounts payable	(28,542)	(4,697)
Accrued compensation, benefits and withholdings	(12,146)	11,042
Deferred revenue	21,541	21,487
Net cash provided by operating activities	1,015,266	116,319
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(1,174,688)	(56,240)
Proceeds from sale of assets	1,500	-
Net cash used by investing activities	(1,173,188)	(56,240)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in line of credit	230,000	65,000
Proceeds from notes payable	25,000	-
Payments on notes payable	(116,168)	(108,717)
Net cash provided (used) by financing activities	138,832	(43,717)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ (19,090)	$ 16,362

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

		2019		2018
CASH AND CASH EQUIVALENTS				
Beginning	$	65,028	$	48,666
Net increase (decrease) in cash and cash equivalents		(19,090)		16,362
Ending	$	45,938	$	65,028

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during year for interest	$	95,238	$	90,236

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

(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. During 2019, the Corporation adopted the provisions of Accounting Standards Update ("ASU") 2016-14: Not-for-Profit-Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities, which improves the current net asset classification and the related information presented in the financial statements and notes about the Corporation's liquidity, financial performance, and cash flows.

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.

Promises to give

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

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.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pledges

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.

Program underwriting

Revenue for program underwriting is recorded on a pro rata basis for the period covered.

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 $264,161 and $323,057 was charged to operations for the periods ended June 30, 2019 and 2018, 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 $50,721 and $50,604 was charged to operations for the years ended June 30, 2019 and 2018, respectively.

Recent accounting pronouncements

The following accounting pronouncements were recently issued by the FASB:

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606). This ASU will supersede most current revenue recognition guidance, including industry-specific guidance. The core principle of the new guidance is that an entity will recognize revenue to depict the transfer of promised goods or services 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 standard provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include the capitalization and amortization of certain contract costs, ensuring the time value of money is considered in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. Additionally,

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent accounting pronouncements (continued)

the guidance requires disclosures related to the nature, amount, timing, and uncertainty of revenue that is recognized. In August 2015, the FASB issued ASU No. 2015-14, Revenue from Contracts with Customers (Topic 606), which changed the effective dates of ASU 2014-09. The provisions of ASU 2014-09 are now effective for annual reporting periods beginning after December 31, 2018. Transition to the new guidance may be done using either a full or modified retrospective method. The Corporation is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

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, 2019. Early adoption is permitted. The Corporation is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

In August 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities, which changes the current guidance for assets classification, governing board designations, investment return, expenses, liquidity and presentation of operating cash flows. ASU 2016-14 reduces the required number of classes of net assets from three to two: net assets with donor restrictions and net assets without donor restrictions. ASU 2016-14 also requires not-for-profit entities to provide enhanced disclosures about the amounts and purposes of governing board designations and appropriations. ASU 2016-14 requires not-for-profits to report investment return net of external and direct internal investment expenses. The requirement to disclose those netted expenses is eliminated.

ASU 2016-14 requires expenses to be reported by nature in addition to function and include an analysis of expenses by both nature and function. The methods used by not-for-profit entities to allocate costs among program and support functions will also need to be disclosed. ASU 2016-14 requires not-for-profit entities to provide both qualitative and quantitative information on management of liquid available resources and the ability to cover short-term cash needs within one year of the balance sheet date. Finally, current standards allow not-for-profit entities to decide whether to present operating cash flows using either the direct method or the indirect method. ASU 2016-14 eliminates the requirement to present or disclose the indirect method of reconciliation if the entity decides to use the direct method. ASU 2016-14 is effective for annual reporting periods beginning after December 15, 2017. Early adoption is permitted with retrospective application required for all prior periods presented. The Corporation has adopted the provisions of ASU 2016-14 and has retrospectively applied this standard to the financial statements as of and for the year ending June 30, 2018.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent accounting pronouncements (continued)

A summary of the net asset reclassifications driven by the adoption of ASU 2016-14 as of June 30, 2018 follows:

	2018
AS ORIGINALLY STATED	
Net assets, beginning of year	
Unrestricted net assets	$ 1,782,407
Temporarily restricted net assets	24,775
Total net assets, beginning of year	$ 1,807,182
Net assets, end of year	
Unrestricted net assets	$ 1,543,511
Temporarily restricted net assets	28,480
Total net assets, end of year	$ 1,571,991
AS RESTATED	
Net assets, beginning of year	
Without donor restrictions	$ 1,782,407
With donor restrictions	24,775
Total net assets, beginning of year	$ 1,807,182
Net assets, end of year	
Without donor restrictions	$ 1,543,511
With donor restrictions	28,480
Total net assets, end of year	$ 1,571,991

(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:

	2019	2018
Cash and cash equivalents	$ 45,938	$ 65,028
Accounts receivable	20,874	29,688
Total financial assets as of end of year	$ 66,812	$ 94,716
Financial assets available to meet cash needs for general expenditures within one year	$ 66,312	$ 66,236

(2) LIQUIDITY (continued)

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 unsecured lines of credit with First Tennessee Bank in the amount of $800,000. As of June 30, 2019 and 2018, there were $365,000 and $135,000 of borrowings against these lines, respectively.

(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 Expiration Purchased	Date
PTFP Grant No. 47-02-09183 Digital Television Equipment	$ 258,773	September, 2021

(4) NOTES PAYABLE

Notes payable consists of the following:

	2019	2018
Note to First Tennessee Bank, payable in monthly installments of $752, including interest at 5.15%, through August 2021, secured by vehicle	$ 19,197	$ -
Note to First Tennessee Bank, payable in monthly installments of $5,091, including interest at 4.29%, through May 2027, secured by real property	403,943	446,389
Note to First Tennessee Bank, payable in monthly installments of $10,725, including interest at 4.69%, through March 2032, secured by real property	1,238,635	1,306,554
	1,661,775	1,752,943
Less current maturities	125,000	111,505
	$ 1,536,775	$ 1,641,438

(4) NOTES PAYABLE (continued)

Maturities of notes payable are as follows:

For the year ending June 30, 2020	$	125,000
2021		130,896
2022		130,554
2023		133,869
2024		140,073
Thereafter		1,001,383
	$	1,661,775

(5) LINES OF CREDIT

The Corporation has unsecured lines of credit with First Tennessee Bank in the amount of $800,000. As of June 30, 2019 and 2018, there were $365,000 and $135,000 of borrowings against these lines, respectively.

(6) 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, 2020	$	4,661
2021		4,661
2022		4,661
2023		4,351
2024		2,333
	$	20,667

Rent expense related to these leases totaled $6,939 and $8,136 for the years ended June 30, 2019 and 2018, respectively.

(7) 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 $58,988 and $58,487 accrued for compensated absences for the years ended June 30, 2019 and 2018, respectively.

(8) RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions at June 30, 2019 consist of contributions restricted by the donor for specific purposes or for future use. At June 30, 2019, there were $500 in net assets with donor restrictions.

(9) TOWER RENTAL

The Corporation receives revenue for tower rental under six operating leases with remaining terms of three years. All of these leases have at least one five-year renewal period remaining. Rent revenue related to these rentals totaled $13,259 and $24,935 for the years ended June 30, 2019 and 2018, respectively.

Future minimum rentals under the above leases are as follows:

For the year ending June 30, 2020	$	33,929
2021		35,873
2022		28,262
	$	98,064

(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 has amended the plan documents to suspend all matching contributions. There were no retirement expenses for the years ended June 30, 2019 and 2018.

(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.

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) 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.

(13) 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, 2019 and 2018, there were no interest or penalties recorded or included in its financial statements. Federal and Tennessee tax and information returns for tax years 2015 and beyond remain subject to examination.

(14) SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 16, 2019, the date which these financial statements were available for issue.

SUPPLEMENTAL INFORMATION

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2019

Program	CFDA Number	Contract Number	Receivable Balance 07/01/18	Cash Receipts	Expenditures	Receivable Balance 06/30/19
STATE FINANCIAL ASSISTANCE						
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	$ -	$ 57,104	$ 57,104	$ -
TOTAL STATE EXPENDITURES			$ -	$ 487,897	$ 487,897	$ -

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

The Schedule of Expenditures of State Financial Assistance is prepared on the accrual basis of accounting.

JOHNSON HICKEY MURCHISON
CERTIFIED PUBLIC ACCOUNTANTS • SINCE 1977

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, 2019, 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 16, 2019.

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) to determine 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 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, Hickey & Murchison, P.C.

Chattanooga, Tennessee
October 16, 2019

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