ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Illinois Valley Public Telecommunications Corporation
Peoria, Illinois

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of Illinois Valley Public Telecommunications Corporation, which comprise the statement of financial position as of June 30, 2023, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Illinois Valley Public Telecommunications Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Illinois Valley Public Telecommunications Corporation's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Illinois Valley Public Telecommunications Corporation's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Illinois Valley Public Telecommunications Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Peoria, Illinois
February 14, 2024

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS

CURRENT ASSETS	
Cash and Cash Equivalents	$ 160,093
Pledges Receivable, Net Allowance of $46,186	129,431
Accounts Receivables	229,514
Net Receivables	358,945
Inventory	1,022
Prepaid Expenses	67,231
Total Current Assets	587,291
INVESTMENTS	1,664,762
PROPERTY AND EQUIPMENT	
Land	478,035
Transmitter Building and Improvements	457,820
Building and Improvements	5,284,390
Furniture, Fixtures, and Equipment	2,664,896
Total Property and Equipment	8,885,141
Less: Accumulated Depreciation and Amortization	3,861,004
Net Property and Equipment	5,024,137
Total Assets	$ 7,276,190

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts Payable	$ 57,608
Consideration Payable	25,000
Current Maturities of Long-Term Debt	234,272
Deferred Revenue	7,402
Accrued Expenses	80,269
Total Current Liabilities	404,551
LONG-TERM LIABILITIES	
Long-Term Debt, Less Current Maturities	643,120
Total Liabilities	1,047,671
NET ASSETS	
Without Donor Restrictions:	
Undesignated	4,533,607
Board-Designated Endowment	1,664,762
Total Net Assets, Without Donor Restrictions	6,198,369
With Donor Restrictions	30,150
Total Net Assets	6,228,519
Total Liabilities and Net Assets	$ 7,276,190

See accompanying Notes to Financial Statements.

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE, GAINS, AND OTHER SUPPORT			
Contributions	$ 1,647,989	$ 30,150	$ 1,678,139
Matching Contributions	118,204	-	118,204
In-Kind Contributions and Donated Services	10,400	-	10,400
Grants from Corporation for Public Broadcasting	928,185	-	928,185
State Grants	178,990	-	178,990
Other Grants	117,500	-	117,500
Auction Income	88,170	-	88,170
Underwriting Income	210,645	-	210,645
Contract Services	24,382	-	24,382
Interest Income	7,746	-	7,746
Net Investment Income	98,238	-	98,238
Lease Income	230,274	-	230,274
Special Events	566,751	-	566,751
Magazine Advertising	512,483	-	512,483
Loss on Impairment	(80,000)	-	(80,000)
Miscellaneous	39,139	-	39,139
Net Assets Released from Restrictions	22,500	(22,500)	-
Total Revenue, Gains, and Other Support	4,721,596	7,650	4,729,246
OPERATING EXPENDITURES			
Program Services:			
Programming	832,328	-	832,328
Production	590,549	-	590,549
Broadcast Operations	668,456	-	668,456
Magazine	1,210,027	-	1,210,027
Total Program Services	3,301,360	-	3,301,360
Supporting Services:			
Fundraising and Development	640,412	-	640,412
Promotion	397,351	-	397,351
Management and General	887,118	-	887,118
Total Supporting Services	1,924,881	-	1,924,881
Total Expenditures	5,226,241	-	5,226,241
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	(504,645)	7,650	(496,995)
NONOPERATING EXPENSE			
Nonoperational Expenses - Other	372,649	-	372,649
CHANGE IN NET ASSETS FROM NONOPERATING ACTIVITIES	(372,649)	-	(372,649)
CHANGE IN NET ASSETS	(877,294)	7,650	(869,644)
Net Assets - Beginning of Year	7,075,663	22,500	7,098,163
NET ASSETS - END OF YEAR	$ 6,198,369	$ 30,150	$ 6,228,519

See accompanying Notes to Financial Statements.

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services					Supporting Services				
	Programming	Production	Broadcast Operations	Magazine	Total Program Services	Fundraising and Development	Promotion	Management and General	Total Supporting Services	Total
Salaries and Payroll Taxes	$ 92,230	$ 335,236	$ 175,755	$ 467,185	$ 1,070,406	$ 211,462	$ 257,644	$ 248,115	$ 717,221	$ 1,787,627
Employee Benefits	34,503	18,231	65,354	64,503	182,591	14,932	19,641	11,582	46,155	228,746
Professional Services - Excluding In-Kind Contributions	-	106,816	105,366	159,638	371,820	84,027	13,096	144,028	241,151	612,971
Professional Services - In-Kind Contributions	1,522	1,257	1,617	2,208	6,604	1,300	804	1,692	3,796	10,400
Office Support	8,466	38,177	17,017	-	63,660	2,898	3,971	13,942	20,811	84,471
Communications	4,688	3,871	4,982	6,799	20,340	4,004	2,475	5,213	11,692	32,032
Postage and Shipping	-	791	-	86,030	86,821	36,499	709	836	38,044	124,865
Utilities and Occupancy	18,734	26,752	101,364	27,169	174,019	16,000	9,891	90,511	116,402	290,421
Maintenance	13,978	-	135,357	-	149,335	-	-	3,492	3,492	152,827
Printing and Publications	-	-	-	261,185	261,185	-	-	74,196	74,196	335,381
Conferences, Meetings, and Travel	233	6,090	-	410	6,733	2,219	3,552	755	6,526	13,259
Marketing	-	1,709	450	4,094	6,253	32,152	48,577	901	81,630	87,883
Special Events	-	416	375	43,961	44,752	185,684	1,419	373	187,476	232,228
Dues and Program Rights	-	853	-	-	853	3,318	-	14,859	18,177	19,030
Program Acquisition	600,444	-	-	-	600,444	-	-	-	-	600,444
Interest	-	-	-	-	-	-	-	61,116	61,116	61,116
Provision (Credit) for Uncollectible Pledges Receivables	-	-	-	-	-	-	-	129,461	129,461	129,461
Miscellaneous	-	9,531	14,615	3,208	27,354	1,652	8,107	24,729	34,488	61,842
Total Expenditures from Operating Activities	774,798	549,730	622,252	1,126,390	3,073,170	596,147	369,886	825,801	1,791,834	4,865,004
Nonoperational Expenses - Other	-	-	-	-	-	-	-	372,649	372,649	372,649
Depreciation and Amortization	57,530	40,819	46,204	83,637	228,190	44,265	27,465	61,317	133,047	361,237
Total Expenditures	$ 832,328	$ 590,549	$ 668,456	$ 1,210,027	$ 3,301,360	$ 640,412	$ 397,351	$ 1,259,767	$ 2,297,530	$ 5,598,890

See accompanying Notes to Financial Statements.

ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ (869,644)
Adjustments to Reconcile Change in Net Assets to	
Net Cash Used by Operating Activities:	
Depreciation and Amortization	361,237
Net Unrealized Gain on Investments	(76,064)
Loss from Impairment of Goodwill	80,000
Gain on Sale of Assets	(33,478)
Provision for Uncollectible Pledges	129,461
Effects of Changes in Operating Assets and Liabilities:	
Net Receivables	(164,802)
Inventory	2,542
Prepaid Expenses	(3,556)
Accounts Payable	16,696
Accrued Expenses	29,806
Deferred Revenue	7,402
Net Cash Used by Operating Activities	(520,400)
CASH FLOWS FROM INVESTING ACTIVITIES	
Capital Expenditures	(55,551)
Proceeds from Sale of Investments	441,795
Purchase of Investments, Including Reinvested Income	(291,969)
Net Cash Provided by Investing Activities	94,275
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal Payments on Long-Term Debt	(259,808)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(685,933)
Cash and Cash Equivalents - Beginning of Year	846,026
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 160,093
NONCASH TRANSACTIONS	
Proceeds Receivable from Sale of Land	$ 80,000

See accompanying Notes to Financial Statements.

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.

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 at June 30, 2023 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.

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. In addition, certain property and equipment serves as underlying assets for operating leases related to lease income (see Note 7).

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 and magazine advertising 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.

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.

Change in Accounting Principle

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update No. 2016-02, *Leases* (Topic 842). This new standard increases transparency and comparability among entities by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Corporation adopted the requirements of this guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption. The Corporation has elected to adopt the package of practical expedients available in the year of adoption.

As a result of the adoption of the new lease accounting guidance, the Corporation recognized no lease liabilities or ROU assets, as the Corporation does not have any long-term leases that qualify under the requirements of Topic 842.

Leases

Revenue from lease payments is recognized under the accrual method. Lease payments are included in income as rents become due. Lease payments received in advance are deferred until earned. At the commencement of an operating lease, no revenue is recognized; subsequently, lease payments received are recognized in revenue on the straight-line basis.

Lessor costs such as property taxes, insurance and maintenance paid directly by a lessee to third parties on the lessor’s behalf are excluded from variable lease payments.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Reimbursements paid by lessees to the Corporation are included in variable lease payments.

The Corporation has elected to apply the practical expedient to combine lease and non-lease components identified in lease contracts. Revenue from lease payments includes consideration received from tower and facility rental services provided by the Corporation.

Subsequent Events

The Corporation evaluated subsequent events through February 14, 2024, the date the financial statements were available to be issued.

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:

Cash and Cash Equivalents	$ 160,093
Investments	1,664,762
Accounts and Pledge Receivables, Net	328,795
Total	$ 2,153,650

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, 2023 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, 2023 are the following promises to give:

Program Underwriting	$ 32,150
Membership	126,184
Matching	17,283
Gross Promises to Give	175,617
Less: Allowance for Uncollectible Receivables	46,186
Net Promises to Give	$ 129,431

NOTE 4 INVESTMENTS

Investments as of June 30, 2023 are summarized as follows:

Corporate Bonds	$	628,345
Mutual Funds		1,024,657
Money Market Funds		11,760
Total Investments	$	1,664,762

Components of net investment income are as follows for the year ended June 30, 2023 :

Dividend and Interest Income	$	22,174
Unrealized Gain		76,064
Net Investment Income	$	98,238

NOTE 5 DEBT

At June 30, 2023, long-term debt consisted of the following:

Description		
Note payable to PNC Bank, bearing fixed interest at 4.50%. Monthly payments of principal and interest are $7,751 with final balloon payment due December 1, 2028. Note is secured by a first mortgage and substantially all business assets.	$	450,725
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.		426,667
Total		877,392
Less: Current Portion		(234,272)
Total	$	643,120

NOTE 5 DEBT (CONTINUED)

Future maturities of long-term debt are as follows:

Year Ending June 30,	Amount
2024	$ 234,272
2025	237,684
2026	187,920
2027	84,986
2028	88,890
Later Years	43,640
Total	$ 877,392

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 September 30, 2023. This line of credit was secured by a second mortgage and a blanket lien on substantially all assets. No amounts were outstanding on this note at June 30, 2023. Subsequent to year-end, the Corporation amended this line credit. Under the new agreement the available balance was reduced to $200,000 and interest is based on PNC Bank's prime interest rate with interest payable monthly and maturity on September 30, 2024.

NOTE 6 LEASE INCOME

The Corporation is the lessor of a communications tower under an operating lease which expired November 5, 2022, with Verizon Wireless. The lease agreement provided monthly lease income of $1,542 per month. During 2023 an option was exercised to extend this lease through November 5, 2023, requiring monthly lease income of $1,665 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 which expired August 2022, with T-Mobile. The agreement provided monthly lease income of $5,432 per month for antenna space. During 2023, an option was exercised to extend this lease through August 2023, requiring monthly lease income of $2,835 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 $2,585 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.

NOTE 6 LEASE INCOME (CONTINUED)

The Corporation is the lessor of a communications tower under a five-year operating lease which expired October 2022, with New Cingular Wireless PCS, LLC. The lease agreement provided monthly lease income of $1,944 per month. During 2023, an option was exercised to extend this lease through October 2023, requiring monthly lease income of $2,100 per month.

The Corporation is the lessor of commercial space at the main WTVP facility under a five-year lease expiring December 31, 2026, 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).

The Corporation is the lessor of a communications tower under a ten-year operating lease which expired August 2022, with Peoria County ETSB. The lease agreement provided monthly lease income of $495 per month. The lease was not renewed as of June 30, 2023.

Future minimum lease payments to be received under the operating leases and professional services agreement are as follows:

Year Ending June 30,	Amount
2024	$ 117,472
2025	104,859
2026	103,240
2027	91,216
2028	49,075
Total	$ 465,862

NOTE 7 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:

<u>Basis of Fair Value Measurement</u>

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.

NOTE 7 FAIR VALUE MEASUREMENTS (CONTINUED)

Basis of Fair Value Measurement (Continued)

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.

For the fiscal year ended June 30, 2023, 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, and corporate 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, 2023:

	Level 1	Level 2	Level 3	Total
Investments:				
Corporate Bonds	$ -	$ 628,345	$ -	$ 628,345
Mutual Funds	1,024,657	-	-	1,024,657
Money Market Funds	11,760	-	-	11,760
Total Investments	$ 1,036,417	$ 628,345	$ -	$ 1,664,762

NOTE 8 ACQUISITION OF ASSETS

In December 2021, the Corporation acquired the assets of Central Illinois Business Publishers, Inc. The purchase price of $100,000, required payment of $25,000 at closing with three $25,000 annual payments beginning on February 2022.

The acquisition generated $100,000 of goodwill which is attributable mainly to synergies expected to be achieved from integrating the acquisition into the Corporation’s existing business and expanded content of publications and intellectual property.

At June 30, 2023, $25,000 is included in a consideration payable on the statement of financial position reflecting the remaining installment.

NOTE 8 ACQUISTION OF ASSETS (CONTINUED)

The Corporation amortizes goodwill on a straight-line basis over 10 years and only evaluates goodwill for impairment when a triggering event occurs. When impairment is likely, the Corporation calculates goodwill impairment as the amount that the Corporation's carrying value of goodwill exceeds its fair value. Subsequent to year-end, the Corporation made the decision to cease operations on the Magazine due to months of sustained losses. As part of this decision it was determined that the goodwill was impaired and a loss of $80,000 was recognized during the year ended June 30, 2023.

A reconciliation of the change in the carrying value of goodwill for the fiscal year ended June 30, 2023 is as follows:

Beginning Balance	$ 90,000
Amortization	(10,000)
Loss on Impairment	(80,000)
Total	$ -

NOTE 9 RISKS AND UNCERTAINTIES

The Corporation receives a significant amount of federal funding through the Corporation for Public Broadcasting (CPB) grants, which is subject to external audit review. There is a risk that the audit may identify issues with our compliance with federal regulations, which could result in the refund of grant monies already received. The Corporation has taken steps to ensure compliance with all applicable regulations, but there is still uncertainty regarding the outcome of the audit. The Corporation does not believe any such disqualification or refund of funds will have a material effect on our financial position.

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, 2023, the designated endowment funds totaled $1,664,762. 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.

NOTE 10 BOARD DESIGNATED ENDOWMENT (CONTINUED)

Composition of and changes in endowment net assets for the year ended June 30, 2023 are as follows:

Board-Designated Endowment Net Assets - Beginning of Year	$ 1,738,524
Investment Income, Net of Fees	22,174
Withdrawals	(172,000)
Net Appreciation	76,064
Board-Designated Endowment Net Assets - End of Year	$ 1,664,762

NOTE 11 MANAGEMENT'S PLAN

The Corporation experienced significant losses and an overall reduction in net assets of $869,644 during the year, including a reduction in cash of approximately $685,000. These conditions raised substantial doubt about the Corporation's ability to continue as a going concern. Management and the Board of Directors evaluated the Corporation's ability to continue as a going concern and has concluded that it is probable that the Corporation will be able to meet its obligations as they become due within one year after February 14, 2024. In reaching this conclusion, the following factors were considered:

• The Corporation has implemented a cost reduction plan, including both headcount reductions, controlling discretionary spending, a pause of the operations of the magazine, and a reduction in non-business-related expenses which are included in 'non-operating – other' in the accompanying statement of activities.

• The Corporation has secured additional contributions through commitment from outside donors for a minimum of $1,200,000 through 2026, with a maximum of up to $3,000,000, such that the Corporation will have a balanced budget.

Management believes that these actions, along with the Corporation's current cash and investment position, will be sufficient to meet its obligations as they become due within one year after February 14, 2024.