

**THE GREATER CHATTANOOGA PUBLIC
TELEVISION CORPORATION**

Chattanooga, Tennessee

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL DATA**

Years ended June 30, 2014 and 2013

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Chattanooga, Tennessee

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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, 2014 and 2013, and the related statements of activities 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.

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, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in conformity 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 schedules of functional expenses on pages 19 and 20 and the accompanying schedule of expenditures of federal and state financial assistance on page 21 are presented for purposes of additional analysis and are 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 10, 2014, on our consideration of the Organization'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 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 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 Corporation's internal control over financial reporting and compliance.

Johnson, Wiley & Meacham, P.C.

October 10, 2014

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2014 AND 2013

ASSETS

	2014	2013
CURRENT ASSETS:		
Cash and cash equivalents	\$ 61,941	\$ 28,652
Accounts receivable	43,056	102,330
Grants receivable	197,000	25,000
Promises to give	875	4,674
Prepaid expenses	19,335	25,296
Total current assets	322,207	185,952
 PROPERTY, PLANT AND EQUIPMENT, at cost:		
Land	251,000	251,000
Buildings	3,355,177	3,355,177
Equipment, furniture and fixtures	4,240,664	4,392,664
Vehicles	67,767	67,767
	7,914,608	8,066,608
Less accumulated depreciation	3,682,956	3,490,125
	4,231,652	4,576,483
	\$ 4,553,859	\$ 4,762,435

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

LIABILITIES AND NET ASSETS

	<u>2014</u>	<u>2013</u>
CURRENT LIABILITIES:		
Line of credit	\$ -	\$ 90,000
Current maturities of notes payable	57,277	54,710
Current maturities of PBS payable	180,000	332,630
Accounts payable	79,392	28,472
Accrued compensation, benefits and withholdings	112,098	122,146
Deferred revenue	<u>23,241</u>	<u>39,733</u>
 Total current liabilities	 <u>452,008</u>	 <u>667,691</u>
 LONG-TERM LIABILITIES:		
Notes payable, less current maturities shown above	1,491,638	1,547,780
Payable to Public Broadcasting Service, less current maturities shown above	<u>389,513</u>	<u>213,761</u>
	 <u>1,881,151</u>	 <u>1,761,541</u>
 NET ASSETS:		
Unrestricted	2,178,980	2,324,561
Temporarily restricted	<u>41,720</u>	<u>8,642</u>
	 <u>2,220,700</u>	 <u>2,333,203</u>
	 <u>\$ 4,553,859</u>	 <u>\$ 4,762,435</u>

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

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
UNRESTRICTED NET ASSETS:		
Corporation for Public Broadcasting	\$ 752,917	\$ 687,542
Government Grants -		
Grant from City of Chattanooga	85,000	85,000
Tennessee Board of Education	450,164	469,439
Tennessee Department of Education	248,500	50,000
Tennessee Department of Agriculture	51,727	-
Grants - other	5,000	7,000
Membership	248,478	224,995
Major giving	175,639	205,097
Underwriting	253,316	285,545
Education	495	65,680
Special events	19,300	30,004
In-kind contributions	297,620	189,716
Total contributions and other support	2,588,156	2,300,018
Net assets released from restrictions	70,002	21,358
	 2,658,158	 2,321,376
Production services	94,475	137,375
Studio and tower rental	20,972	24,767
Gain (loss) on disposal of property, plant and equipment	(459)	4,098
Interest income	92	100
Miscellaneous	45,495	29,546
	 160,575	 195,886
Total unrestricted support, revenue and reclassifications	2,818,733	2,517,262
Expenses -		
Program services	2,337,143	2,314,660
Fundraising	260,176	314,841
Management and general	366,995	337,010
	 2,964,314	 2,966,511
Decrease in unrestricted net assets	(145,581)	(449,249)

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

	<u>2014</u>	<u>2013</u>
TEMPORARILY RESTRICTED NET ASSETS:		
Contributions	\$ 103,080	\$ 30,000
Net assets released from restrictions	<u>(70,002)</u>	<u>(21,358)</u>
 Increase in temporarily restricted net assets	 <u>33,078</u>	 <u>8,642</u>
 DECREASE IN NET ASSETS	 (112,503)	 (440,607)
 NET ASSETS:		
Beginning	<u>2,333,203</u>	<u>2,773,810</u>
 Ending	 <u><u>\$ 2,220,700</u></u>	 <u><u>\$ 2,333,203</u></u>

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

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Decrease in net assets	\$ (112,503)	\$ (440,607)
Adjustments to reconcile decrease in net assets to net cash provided (used) by operating activities -		
Depreciation	409,936	440,482
(Gain) loss on disposal of property, plant and equipment	459	(4,098)
Net (increase) decrease in operating assets -		
Accounts receivable	59,274	(35,996)
Grants receivable	(172,000)	(25,000)
Promises to give	3,799	11,238
Prepaid expenses	5,961	(12,241)
Net increase (decrease) in operating liabilities -		
Accounts payable	50,916	6,788
Payable to Public Broadcasting Service	23,122	(48,171)
Accrued compensation, benefits and withholdings	(10,048)	(5,884)
Deferred revenue	(16,492)	26,083
	<u>242,424</u>	<u>(87,406)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(65,560)	(21,358)
Proceeds from sale of real estate	-	94,098
	<u>(65,560)</u>	<u>72,740</u>
 CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase (decrease) on line of credit	(90,000)	90,000
Payments on notes payable	(53,575)	(51,667)
	<u>(143,575)</u>	<u>38,333</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS		
	<u>\$ 33,289</u>	<u>\$ 23,667</u>

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

	<u>2014</u>	<u>2013</u>
CASH AND CASH EQUIVALENTS:		
Beginning	\$ 28,652	\$ 4,985
Net increase in cash and cash equivalents	<u>33,289</u>	<u>23,667</u>
Ending	<u>\$ 61,941</u>	<u>\$ 28,652</u>
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during year for interest	<u>\$ 123,956</u>	<u>\$ 121,620</u>

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

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

(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 of The Greater Chattanooga Public Television 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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At June 30, 2014 and 2013, the Corporation had no permanently restricted net assets.

Support that is restricted by the donor is reported as an increase in unrestricted net assets 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 temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets 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.

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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 are valued at estimated fair value at the time of the donation.

Pledges -

The Corporation engages in periodic fund-raising campaigns manifested by offering some special television programs and on-air and mail fund-raising 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 unrestricted support 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.

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Property, equipment and depreciation (continued) -

Contributions for the acquisition of long-lived assets are reported as temporarily restricted support 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 \$409,936 and \$440,482 was charged to operations for the periods ended June 30, 2014 and 2013, 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 \$107,679 and \$41,492 was charged to operations for the years ended June 30, 2014 and 2013, respectively.

(2) PROMISES TO GIVE:

Unconditional promises to give including capital campaign contributions, as of June 30, 2014, are due as follows -

For the year ending June 30, 2014 \$ 875

(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.

<u>Equipment Description</u>	<u>Original Cost of Equipment Purchased</u>	<u>Lien Expiration Date</u>
PTFP Grant No. 47-02-N05107 Digital Television Equipment	\$ 712,092	December 2017

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

(3) PROPERTY AND EQUIPMENT (Continued):

<u>Equipment Description</u>	<u>Original Cost of Equipment Purchased</u>	<u>Lien Expiration Date</u>
PTFP Grant No. 47-02-09183 Digital Television Equipment	\$ 258,773	September 2021

(4) LINE OF CREDIT:

The Corporation has a line of credit with First Tennessee Bank in the amount of \$350,000, which is secured by the Corporation's building. As of June 30, 2014, there were no borrowings on this line.

(5) NOTES PAYABLE:

Notes payable consists of the following -

	<u>2014</u>	<u>2013</u>
Note to First Tennessee Bank, payable in monthly installments of \$10,725, including interest at 4.69%, through March 2032, secured by real property	\$1,548,915	\$1,602,490
Less current maturities	<u>57,277</u>	<u>54,710</u>
	<u>\$1,491,638</u>	<u>\$1,547,780</u>

Maturities of notes payable are as follows -

For the year ending June 30, 2015	\$ 57,277
2016	60,140
2017	63,022
2018	66,043
2019	69,207
Thereafter	<u>1,233,226</u>
	<u>\$1,548,915</u>

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

(6) PAYABLE TO PUBLIC BROADCASTING SERVICE:

The Greater Chattanooga Public Television Corporation entered into a financing agreement with Public Broadcasting Service in order to pay its 2013-14 programming costs over three years. This financing agreement includes interest at 7.25% and provides for monthly payments at varying amounts through June 2017. Maturities of PBS payables are as follows -

Maturities of notes payable are as follows -

For the year ending June 30, 2015	\$ 180,000
2016	186,000
2017	203,513
	\$ 569,513

(7) 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, 2015	\$ 6,983
2016	6,983
2017	6,983
2018	6,983
2019	5,518
	\$ 33,450

(8) 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 \$61,514 and \$71,018 accrued for compensated absences for the years ended June 30, 2014 and 2013, respectively.

(9) RESTRICTIONS ON NET ASSETS:

Temporarily restricted net assets at June 30, 2014, consist of contributions restricted by the donor for specific purposes or for future use. At June 30, 2014, there were \$41,720 in temporarily restricted net assets.

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

(10) TOWER RENTAL:

The Corporation receives revenue for tower rental under five operating leases with remaining terms of five years. All of these leases have at least one five-year renewal period remaining.

Future minimum rentals under the above leases are as follows -

For the year ending June 30, 2015	\$ 20,835
2016	21,158
2017	21,490
2018	21,833
2019	22,185
	\$ 107,501

(11) 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, 2014 and 2013.

(12) 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.

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

(12) FUNDING SOURCES (Continued):

Corporation for Public Broadcasting (continued)-

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.

(13) 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.

(14) 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 has available at June 30, 2014, unused Federal operating loss carryforwards of \$56,500 which may be applied against any future taxable income expiring in various years from 2026 to 2033.

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

(14) INCOME TAXES (Continued):

The valuation allowance increased by \$1,000 for the year ending June 30, 2014.

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, 2014 and 2013, there were no interest or penalties recorded or included in its financial statements. Federal and Tennessee tax and information returns for tax years 2010 and beyond remain subject to examination.

(15) SUBSEQUENT EVENTS:

Management has evaluated subsequent events through October 10, 2014, the date which this financial statement was available for issue.

SUPPLEMENTAL DATA

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014

	Program Services					Fundraising					Total
	Production	Programming	Technical	Underwriting	Education	Public Information	Membership	Special Events	Major Giving	Management and General	
Salaries	\$ 209,347	\$ 42,770	\$ 165,828	\$ 59,311	\$ 64,171	\$ 68,220	\$ 32,644	\$ 4,202	\$ 72,760	\$ 135,716	\$ 854,969
Employee benefits	22,546	2,576	10,456	1,277	766	5,996	1,899	-	1,018	8,566	55,100
Payroll taxes	15,263	3,105	12,210	4,492	5,111	4,444	2,804	322	5,342	9,188	62,281
Professional services	67,641	42,736	12,040	1,471	49,940	26,736	786	120	736	113,665	315,871
Dues	195	6,230	-	915	85	-	5,470	-	-	25,686	38,581
Program acquisitions	-	577,037	-	-	-	-	-	-	-	-	577,037
Communications	6,335	17,103	3,333	1,282	1,131	577	11,851	-	647	3,273	45,532
Postage and shipping	353	1,231	447	68	638	78	11,065	275	194	591	14,940
Rental	566	128	500	342	1,166	719	8,846	3,970	551	1,682	18,470
Interest	46,465	49,838	6,208	2,260	7,288	931	3,268	-	991	6,707	123,956
Maintenance	12,507	687	14,715	581	2,225	237	870	-	253	1,765	33,840
Utilities	38,013	2,088	75,910	1,766	5,769	719	2,646	-	768	5,366	133,045
Printing and publications	765	150	422	257	156	666	2,820	2,134	2,116	5,143	14,629
Supplies	3,704	338	186	132	3,866	1,535	592	207	158	21,659	32,377
Meetings, travel	3,884	-	4,176	90	928	170	3,138	9,604	598	13,058	35,646
Advertising and promotion	259	-	-	-	-	107,013	32	375	-	-	107,679
Premiums/acquisitions	-	-	-	-	-	-	47,091	-	-	-	47,091
Casualty insurance	22,400	1,242	2,866	1,037	1,849	428	1,688	-	520	3,125	35,155
Depreciation	183,832	4,541	189,082	3,793	7,395	1,548	6,171	-	1,906	11,668	409,936
Vehicle expense	241	-	897	-	-	-	-	-	-	37	1,175
Miscellaneous	103	-	-	46	27	-	5,780	333	615	100	7,004
	<u>\$ 634,419</u>	<u>\$ 751,800</u>	<u>\$ 499,276</u>	<u>\$ 79,120</u>	<u>\$ 152,511</u>	<u>\$ 220,018</u>	<u>\$ 149,461</u>	<u>\$ 21,542</u>	<u>\$ 89,173</u>	<u>\$ 366,995</u>	<u>\$ 2,964,314</u>

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Program Services</u>						<u>Fundraising</u>				<u>Total</u>
	<u>Production</u>	<u>Programming</u>	<u>Technical</u>	<u>Underwriting</u>	<u>Education</u>	<u>Public Information</u>	<u>Membership</u>	<u>Special Events</u>	<u>Major Giving</u>	<u>Management and General</u>	
Salaries	\$ 244,147	\$ 51,703	\$182,373	\$ 82,310	\$ 76,350	\$ 53,645	\$ 53,768	\$32,669	\$ 52,625	\$ 133,168	\$ 962,758
Employee benefits	31,929	4,019	17,031	13,950	6,951	5,173	13,796	3,872	8,511	8,934	114,166
Payroll taxes	18,216	3,910	14,186	6,203	5,960	3,764	3,795	2,468	3,938	8,808	71,248
Professional services	13,368	42,839	5,025	1,675	1,378	24,476	839	500	839	77,505	168,444
Dues	-	6,054	-	545	128	-	5,377	-	275	24,366	36,745
Program acquisitions	-	547,956	-	-	-	-	-	-	-	-	547,956
Communications	7,632	16,920	3,187	1,446	916	661	10,618	-	831	3,577	45,788
Postage and shipping	826	1,286	258	143	473	3	11,330	352	499	664	15,834
Rental	890	287	986	1,080	2,211	338	5,231	3,070	449	1,983	16,525
Interest	49,249	46,339	6,390	2,308	4,449	956	3,719	-	1,158	7,052	121,620
Maintenance	13,984	775	27,159	684	1,286	267	1,052	-	361	1,991	47,559
Utilities	39,792	2,206	74,862	1,842	3,590	761	2,999	-	924	5,658	132,634
Printing and publications	2,195	59	492	6,097	2,815	549	4,547	326	5,784	1,362	24,226
Supplies	8,480	487	1,388	475	5,449	740	5,061	4,436	252	24,155	50,923
Meetings, travel	4,909	-	3,254	324	2,461	50	1,332	11,557	1,764	19,112	44,763
Advertising and promotion	-	-	-	-	-	41,492	-	-	-	-	41,492
Premiums/acquisitions	-	-	-	-	-	-	38,709	-	-	-	38,709
Casualty insurance	21,180	1,174	2,710	980	1,911	405	1,596	-	492	3,011	33,459
Depreciation	186,491	4,496	217,014	3,755	7,322	1,634	6,148	-	1,886	11,736	440,482
Vehicle expense	410	-	1,524	-	-	25	8	-	-	51	2,018
Miscellaneous	43	-	-	109	55	-	4,127	471	480	3,877	9,162
	<u>\$ 643,741</u>	<u>\$ 730,510</u>	<u>\$557,839</u>	<u>\$ 123,926</u>	<u>\$ 123,705</u>	<u>\$ 134,939</u>	<u>\$ 174,052</u>	<u>\$59,721</u>	<u>\$ 81,068</u>	<u>\$ 337,010</u>	<u>\$ 2,966,511</u>

THE GREATER CHATTANOOGA PUBLIC TELEVISION CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2014

<u>Program</u>	<u>CFDA Number</u>	<u>Contract Number</u>	<u>Receivable Balance 07/01/13</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Receivable Balance 06/30/14</u>
<u>FEDERAL FINANCIAL ASSISTANCE</u>						
U.S. Department of Education						
Passed through Tennessee Department of Education - State Fiscal Stabilization Fund - Race to the Top Incentive Grant - ARRA	84.395	33150-01011	\$ 25,000	\$ 76,500	\$ 248,500	\$ 197,000
U.S. Department of Agriculture						
Public Television Station Digital Transition Grant	10.861	TN1603-B33	-	51,727	51,727	-
			25,000	128,227	300,227	197,000
<u>STATE FINANCIAL ASSISTANCE</u>						
TN Department of Education:						
TN Board of Education	N/A	N/A	-	450,164	450,164	-
TOTAL FEDERAL AND STATE EXPENDITURES			<u>\$ 25,000</u>	<u>\$ 578,391</u>	<u>\$ 750,391</u>	<u>\$ 197,000</u>



**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, 2014, and the related statements of activities, and cash flows for the year ended, and the related notes to the financial statements, and have issued our report thereon dated October 10, 2014.

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.

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, Nicky & Meacham, P.C.

October 10, 2014

