

**ATLANTA EDUCATIONAL  
TELECOMMUNICATIONS  
COLLABORATIVE, INC. AND AFFILIATE**

**COMBINED FINANCIAL STATEMENTS  
with  
INDEPENDENT AUDITORS' REPORT**

**YEARS ENDED JUNE 30, 2021 AND 2020  
and  
SUPPLEMENTARY INFORMATION**

## TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1 - 2
Combined Statements of Financial Position	3
Combined Statements of Activities	4-5
Combined Statements of Functional Expenses	6-7
Combined Statements of Cash Flows	8-9
Notes to the Combined Financial Statements	10-19
Supplementary Information:	
Supplementary Statement of Activities by CPB Licensee	21
Supplementary Combining Statement of Financial Position	22
Supplementary Combining Statement of Activities	23



## INDEPENDENT AUDITORS' REPORT

### To the Board of Directors

#### Atlanta Educational Telecommunications Collaborative, Inc. and Affiliate

We have audited the accompanying combined financial statements of Atlanta Educational Telecommunications Collaborative, Inc. and Affiliate ("the Organization") (a nonprofit organization), which comprise the combined statements of financial position as of June 30, 2021 and 2020, and the related combined statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the combined financial statements.

### Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 the combined 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 combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the combined 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 Organization'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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2021 and 2020, 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.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic combined financial statements. This schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

*Smith and Howard*

November 15, 2021

**ATLANTA EDUCATIONAL TELECOMMUNICATIONS COLLABORATIVE, INC. AND AFFILIATE**

Combined Statements of Financial Position  
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,846,652	\$ 3,596,538
Receivables, net	746,503	1,285,557
Investments	3,239,303	2,760,956
Prepaid expenses	73,776	30,681
Investments held under nonqualified retirement agreement	475,671	381,577
Note receivable	1,977,286	1,977,286
Property and equipment, net	<u>1,459,078</u>	<u>978,108</u>
<b>TOTAL ASSETS</b>	<u>\$ 12,818,269</u>	<u>\$ 11,010,703</u>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	\$ 595,550	\$ 228,804
Accrued salaries and fringe benefits	426,041	420,831
Deferred revenues	917,365	157,693
Obligation under nonqualified retirement agreement	472,728	379,129
Paycheck protection program loan	<u>-</u>	<u>1,440,600</u>
Total Liabilities	<u>2,411,684</u>	<u>2,627,057</u>
Net Assets:		
Without donor restrictions		
Undesignated	7,011,375	5,400,939
Board designated	<u>3,290,882</u>	<u>2,826,349</u>
	10,302,257	8,227,288
With donor restrictions	<u>104,328</u>	<u>156,358</u>
Total Net Assets	<u>10,406,585</u>	<u>8,383,646</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 12,818,269</u>	<u>\$ 11,010,703</u>

The accompanying notes are an integral part of the combined financial statements.

**ATLANTA EDUCATIONAL TELECOMMUNICATIONS COLLABORATIVE, INC. AND AFFILIATE**

Combined Statement of Activities  
Year Ended June 30, 2021

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Public Support and Revenues:			
Public broadcasting entities	\$ 1,477,620	\$ 25,000	\$ 1,502,620
Grants	30,000	371,782	401,782
Contributions, subscription membership fees	8,975,171	-	8,975,171
Underwriting contributions	3,364,170	-	3,364,170
In-kind contributions	2,139,928	-	2,139,928
Rental income	567,250	-	567,250
Investment return, net	605,548	-	605,548
Other revenues	33,420	-	33,420
Net assets released from restrictions	448,812	(448,812)	-
<b>Total Public Support and Revenues</b>	<u>17,641,919</u>	<u>(52,030)</u>	<u>17,589,889</u>
Expenses:			
Program Services			
Programming and Production	7,392,844	-	7,392,844
Broadcasting	2,353,121	-	2,353,121
Program Information and Promotion	667,657	-	667,657
<b>Total Program Services</b>	<u>10,413,622</u>	<u>-</u>	<u>10,413,622</u>
Support Services:			
Management and General	2,861,730	-	2,861,730
Fundraising	2,406,872	-	2,406,872
Underwriting	1,325,326	-	1,325,326
<b>Total Support Services</b>	<u>6,593,928</u>	<u>-</u>	<u>6,593,928</u>
<b>Total Expenses</b>	<u>17,007,550</u>	<u>-</u>	<u>17,007,550</u>
Other Income:			
Forgiveness of Paycheck Protection Program loan	1,440,600	-	1,440,600
<b>Changes in Net Assets</b>	<u>2,074,969</u>	<u>(52,030)</u>	<u>2,022,939</u>
Net Assets, Beginning of Year	<u>8,227,288</u>	<u>156,358</u>	<u>8,383,646</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 10,302,257</u>	<u>\$ 104,328</u>	<u>\$ 10,406,585</u>

The accompanying notes are an integral part of the combined financial statements.

**ATLANTA EDUCATIONAL TELECOMMUNICATIONS COLLABORATIVE, INC. AND AFFILIATE**

Combined Statement of Activities  
Year Ended June 30, 2020

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Public Support and Revenues:			
Public broadcasting entities	\$ 1,872,754	\$ 39,858	\$ 1,912,612
Grants	-	285,000	285,000
Contributions, subscription membership fees	7,589,904	-	7,589,904
Underwriting contributions	4,157,456	-	4,157,456
In-kind contributions	2,392,437	-	2,392,437
Rental income	569,453	-	569,453
Investment return, net	100,053	-	100,053
Other revenues	3,457	-	3,457
Net assets released from restrictions	420,586	(420,586)	-
<b>Total Public Support and Revenues</b>	<u>17,106,100</u>	<u>(95,728)</u>	<u>17,010,372</u>
Expenses:			
Program Services			
Programming and Production	7,682,940	-	7,682,940
Broadcasting	2,496,124	-	2,496,124
Program Information and Promotion	889,727	-	889,727
<b>Total Program Services</b>	<u>11,068,791</u>	<u>-</u>	<u>11,068,791</u>
Support Services:			
Management and General	2,769,469	-	2,769,469
Fundraising	2,195,069	-	2,195,069
Underwriting	1,442,245	-	1,442,245
<b>Total Support Services</b>	<u>6,406,783</u>	<u>-</u>	<u>6,406,783</u>
<b>Total Expenses</b>	<u>17,475,574</u>	<u>-</u>	<u>17,475,574</u>
Changes in Net Assets	<u>(369,474)</u>	<u>(95,728)</u>	<u>(465,202)</u>
Net Assets, Beginning of Year	<u>8,596,762</u>	<u>252,086</u>	<u>8,848,848</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 8,227,288</u>	<u>\$ 156,358</u>	<u>\$ 8,383,646</u>

The accompanying notes are an integral part of the combined financial statements.

**ATLANTA EDUCATIONAL TELECOMMUNICATIONS COLLABORATIVE, INC. AND AFFILIATE**

Combined Statement of Functional Expenses  
Year Ended June 30, 2021

	Program Services					Support Services				
	Programming and Production - Radio	Programming and Production - TV	Broadcasting (Technical Support)	Program Information and Promotion	Total Program Services	Management and General	Fundraising	Underwriting	Total Support Services	Total
Salaries	\$ 2,131,269	\$ 181,314	\$ 863,398	\$ 308,010	\$ 3,483,991	\$ 1,279,768	\$ 704,082	\$ 767,869	\$ 2,751,719	\$ 6,235,710
Employee Benefit & Taxes	546,928	45,855	220,836	78,685	892,304	193,081	181,922	196,524	571,527	1,463,831
Professional Fees & Contract Services	71,156	64,164	163,143	38,625	337,088	727,074	31,770	476	759,320	1,096,408
Advertising & Promotion	-	-	16,665	42,291	58,956	195	14,669	1,346	16,210	75,166
Office Expenses	2,863	391	212,556	698	216,508	83,377	232,513	23,991	339,881	556,389
Information Technology	22,030	9,850	274,476	1,252	307,608	19,779	71,380	524	91,683	399,291
Occupancy	178,898	17,312	63,480	17,312	277,002	105,238	57,709	46,167	209,114	486,116
Travel & Conferences	6,447	17	619	226	7,309	17,501	4,330	198	22,029	29,338
Insurance	-	-	-	-	-	37,955	-	-	37,955	37,955
Program Acquisition & Development	1,353,852	1,573,451	87,063	80,651	3,095,017	-	-	-	-	3,095,017
Premiums & Processing	-	-	-	-	-	-	338,957	1,544	340,501	340,501
Event & Fundraising Expense	-	-	-	9,212	9,212	1,765	446,269	-	448,034	457,246
Equipment and Maintenance	3,500	929	118,748	-	123,177	1,561	-	-	1,561	124,738
Other	109,860	53,625	2,417	771	166,673	34,743	23,526	46,891	105,160	271,833
Depreciation	78,725	7,619	27,935	7,619	121,898	30,474	25,395	20,316	76,185	198,083
	<u>4,505,528</u>	<u>1,954,527</u>	<u>2,051,336</u>	<u>585,352</u>	<u>9,096,743</u>	<u>2,532,511</u>	<u>2,132,522</u>	<u>1,105,846</u>	<u>5,770,879</u>	<u>14,867,622</u>
Indirect Administrative Support	796,504	77,081	282,631	77,081	1,233,297	308,324	256,937	205,550	770,811	2,004,108
In-Kind Expenses	53,980	5,224	19,154	5,224	83,582	20,895	17,413	13,930	52,238	135,820
Total In-Kind Expenses	<u>850,484</u>	<u>82,305</u>	<u>301,785</u>	<u>82,305</u>	<u>1,316,879</u>	<u>329,219</u>	<u>274,350</u>	<u>219,480</u>	<u>823,049</u>	<u>2,139,928</u>
Total	<u>\$ 5,356,012</u>	<u>\$ 2,036,832</u>	<u>\$ 2,353,121</u>	<u>\$ 667,657</u>	<u>\$ 10,413,622</u>	<u>\$ 2,861,730</u>	<u>\$ 2,406,872</u>	<u>\$ 1,325,326</u>	<u>\$ 6,593,928</u>	<u>\$ 17,007,550</u>

The accompanying notes are an integral part of the combined financial statements.



**ATLANTA EDUCATIONAL TELECOMMUNICATIONS COLLABORATIVE, INC. AND AFFILIATE**

Combined Statement of Functional Expenses  
Year Ended June 30, 2020

	Program Services					Support Services				
	Programming and Production - Radio	Programming and Production - TV	Broadcasting (Technical Support)	Program Information and Promotion	Total Program Services	Management and General	Fundraising	Underwriting	Total Support Services	Total
Salaries	\$ 2,025,377	\$ 407,705	\$ 993,589	\$ 460,045	\$ 3,886,716	\$ 1,171,390	\$ 608,229	\$ 833,816	\$ 2,613,435	\$ 6,500,151
Employee Benefit & Taxes	486,447	98,510	236,725	110,411	932,093	350,287	144,106	194,361	688,754	1,620,847
Professional Fees & Contract Services	113,594	44,346	245,404	2,354	405,698	434,694	28,849	35,369	498,912	904,610
Advertising & Promotion	2,086	302	15,598	62,785	80,771	2,079	1,470	2,999	6,548	87,319
Office Expenses	4,362	1,178	145,478	3,376	154,394	107,899	192,973	22,637	323,509	477,903
Information Technology	15,981	10,172	191,746	1,718	219,617	19,060	56,344	512	75,916	295,533
Occupancy	139,378	12,297	57,390	20,496	229,561	231,847	40,994	36,893	309,734	539,295
Travel & Conferences	17,987	2,007	7,530	2,231	29,755	49,575	18,592	3,121	71,288	101,043
Program Acquisition & Development	1,605,013	1,317,622	104,814	58,371	3,085,820	-	-	-	-	3,085,820
Premiums & Processing	-	-	-	-	-	-	322,150	10	322,160	322,160
Event & Fundraising Expense	1,315	-	-	13,273	14,588	7,852	412,205	3,100	423,157	437,745
Equipment and Maintenance	9,152	4,116	60,058	-	73,326	2,247	-	-	2,247	75,573
Other	98,198	122,860	5,329	215	226,602	12,824	60,256	31,416	104,496	331,098
Depreciation	104,418	9,213	42,996	15,356	171,983	33,782	30,711	27,640	92,133	264,116
	<u>4,623,308</u>	<u>2,030,328</u>	<u>2,106,657</u>	<u>750,631</u>	<u>9,510,924</u>	<u>2,463,460</u>	<u>1,916,879</u>	<u>1,191,874</u>	<u>5,572,213</u>	<u>15,083,137</u>
Indirect Administrative Support	815,290	71,937	335,708	119,896	1,342,831	263,770	239,791	215,812	719,373	2,062,204
In-Kind Expenses	130,557	11,520	53,759	19,200	215,036	42,239	38,399	34,559	115,197	330,233
Total In-Kind Expenses	<u>945,847</u>	<u>83,457</u>	<u>389,467</u>	<u>139,096</u>	<u>1,557,867</u>	<u>306,009</u>	<u>278,190</u>	<u>250,371</u>	<u>834,570</u>	<u>2,392,437</u>
Total	<u>\$ 5,569,155</u>	<u>\$ 2,113,785</u>	<u>\$ 2,496,124</u>	<u>\$ 889,727</u>	<u>\$ 11,068,791</u>	<u>\$ 2,769,469</u>	<u>\$ 2,195,069</u>	<u>\$ 1,442,245</u>	<u>\$ 6,406,783</u>	<u>\$ 17,475,574</u>

The accompanying notes are an integral part of the combined financial statements.

**ATLANTA EDUCATIONAL TELECOMMUNICATIONS COLLABORATIVE, INC. AND AFFILIATE**

Combined Statements of Cash Flows  
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Cash Flows from Operating Activities:</b>		
Cash received from contributors, members and grants	\$ 15,589,843	\$ 13,817,320
Other receipts	602,089	578,364
Cash paid to suppliers and employees	<u>(14,585,781)</u>	<u>(15,328,042)</u>
Net cash provided (used) in operating activities	<u>1,606,151</u>	<u>(932,358)</u>
<b>Cash Flows from Investing Activities:</b>		
Acquisitions of property and equipment	(481,819)	(63,633)
Purchases of investments	(1,642,712)	(136,913)
Sales of investments	<u>1,768,494</u>	<u>1,917,363</u>
Net cash provided (used) in investing activities	<u>(356,037)</u>	<u>1,716,817</u>
<b>Cash Flows from Financing Activities:</b>		
Proceeds from Paycheck Protection Program loan	<u>-</u>	<u>1,440,600</u>
Net cash provided by financing activities	<u>-</u>	<u>1,440,600</u>
Change in Cash and Cash Equivalents	1,250,114	2,225,059
Cash and Cash Equivalents:		
Beginning of Year	<u>3,596,538</u>	<u>1,371,479</u>
<b>END OF YEAR</b>	<u>\$ 4,846,652</u>	<u>\$ 3,596,538</u>

The accompanying notes are an integral part of the combined financial statements.

**ATLANTA EDUCATIONAL TELECOMMUNICATIONS COLLABORATIVE, INC. AND AFFILIATE**

Combined Statements of Cash Flows, Continued  
 Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Reconciliation of change in net assets to net cash provided (required) by operating activities:		
Change in net assets	\$ 2,022,939	\$ (465,202)
Adjustments to reconcile change in net asset to net cash provided (used) in operating activities:		
Depreciation	198,083	264,116
Net realized and unrealized gain on investments	(604,129)	(94,599)
Paycheck protection program loan forgiveness	(1,440,600)	-
Bad debt expense	46,225	37,117
Changes in assets and liabilities:		
Receivables	492,829	(252,236)
Prepaid expenses and investments held under nonqualified retirement agreement	(137,189)	(14,567)
Accounts payable and accrued expenses	169,512	(222,068)
Accrued salaries and fringe benefits	5,210	(309,503)
Deferred revenues and obligations held under nonqualified retirement agreement	<u>853,271</u>	<u>124,584</u>
<b>NET CASH PROVIDED (REQUIRED) BY OPERATING ACTIVITIES</b>	<b><u>\$ 1,606,151</u></b>	<b><u>\$ (932,358)</u></b>

**Non-Cash Investing Transactions:**

At June 30, 2021, accounts payable and accrued expenses included \$197,234 of property and equipment purchases.

The accompanying notes are an integral part of the combined financial statements.

**ATLANTA EDUCATIONAL TELECOMMUNICATIONS  
COLLABORATIVE, INC. AND AFFILIATE**

Notes to the Combined Financial Statements  
June 30, 2021 and 2020

**Note 1 – Background and Significant Accounting Policies**

*Organization*

Atlanta Educational Telecommunications Collaborative, Inc. (“AETC”) was established for charitable and educational purposes including, but not limited to, enhancing public education of the Atlanta Independent School System (the "School System") primarily through broadcasting educational programs. To this end, AETC entered into a management and operation agreement (the "Agreement") with the School System, licensee of stations WPBA-TV and WABE-FM and Cable Channel 22, (collectively referred to as "Stations"), and owner of certain real and personal property and equipment (the "Broadcast Facilities" - see Note 4) associated with and related to the operation of the Stations. AETC manages and operates the respective stations in accordance with rules and regulations of the Federal Communications Commission, Corporation for Public Broadcasting, Public Broadcasting Service and National Public Radio. The Agreement is effective through June 30, 2023 with the option to renew for two additional five-year terms through June 30, 2033, subject to the mutual agreement of both parties.

During 2020, the Board of Directors formed a separate entity called Public Broadcasting of Atlanta Foundation, Inc. (“Foundation”), whose purpose is to receive and administer funds for the exclusive benefit and support of the Organization. The Board approved transferring the Board designated net assets in the amount of approximately \$2,750,000 to the Foundation. Together, AETC and the Foundation are referred to as the Organization.

*Basis of Presentation*

The Organization follows the provisions of Financial Accounting Standards Board (“FASB”). The FASB sets accounting principles generally accepted in the United States of America (“GAAP”).

The combined financial statements are reported using the accrual basis accounting.

*Principles of Combination*

The combined financial statements include the accounts of AETC and the Foundation. All significant intercompany accounts and transactions have been eliminated in combination.

**ATLANTA EDUCATIONAL TELECOMMUNICATIONS  
COLLABORATIVE, INC. AND AFFILIATE**

Notes to the Combined Financial Statements  
June 30, 2021 and 2020

**Note 1 – Background and Significant Accounting Policies, continued**

*Net Assets*

Net asset activities and their defined purposes used by the Organization are as follows:

*Net Assets Without Donor Restrictions* – Net assets without donor restrictions are resources that are not subject to donor-imposed stipulations. The only limits on net assets without donor restrictions are those resulting from the nature of the Organization and its purpose.

*Net Assets With Donor Restrictions* – Net assets subject to donor-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 such resources be maintained in perpetuity. As of June 30, 2021, the Organization did not have any net assets maintained in perpetuity.

*Investments*

Investments consist of marketable equity securities and mutual funds with original maturities greater than three months. Investments are carried at fair values determined at the date of the combined statement of financial position, based on quoted market prices.

*Fair Value Measurements*

FASB defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. FASB established a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- *Level 1* – Quoted prices in active markets for identical assets or liabilities.
- *Level 2* – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- *Level 3* – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

**ATLANTA EDUCATIONAL TELECOMMUNICATIONS  
COLLABORATIVE, INC. AND AFFILIATE**

Notes to the Combined Financial Statements  
June 30, 2021 and 2020

**Note 1 – Background and Significant Accounting Policies, continued**

The carrying value of financial instruments such as cash and cash equivalents, receivables, accounts payable and accrued expenses approximate fair value because of the terms and relative short maturity of the financial instruments. The Organization believes the carrying values of its financial instruments are reasonable estimates of their values, unless otherwise noted.

*Federal and State Income Taxes*

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes has been recorded on the accompanying combined financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). GAAP requires the Organization's management to evaluate tax positions taken and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service ("IRS"). The Organization's management has analyzed the tax positions taken and has concluded that, as of June 30, 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the combined financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. In general, the Organization is no longer subject to income tax examinations for tax years ending before June 30, 2018.

*Revenue Recognition*

The Organization accounts for contributions and grants in accordance with GAAP. Unconditional promises to give and contributions received are recorded as with donor restrictions or without donor restrictions depending on the existence or nature of donor restrictions. Contributions and grants are recognized when the donor makes a promise to give that is in substance, unconditional. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the condition on which they depend have been met. Subscription membership fees are recorded as revenue when received.

*Underwriting Fees*

Revenue from underwriting fees are recognized in operations over the term of the related underwriting contract. Underwriting revenue received before the earning process is complete is presented as deferred revenue in the combined statements of financial position.

**ATLANTA EDUCATIONAL TELECOMMUNICATIONS  
COLLABORATIVE, INC. AND AFFILIATE**

Notes to the Combined Financial Statements  
June 30, 2021 and 2020

**Note 1 – Background and Significant Accounting Policies, continued**

*Contributions, Subscription Membership Fees*

The Organization recognizes subscription membership fees on the date the individual membership gift is received.

*In-kind Contributions*

Donated services, materials and supplies, as further described in Note 8, are recorded at fair market value at the time of the donation and are recognized as both contributions and expenses.

*Compensated Absences*

Compensated absences relative to vacation leave are accrued as a liability as earned by employees up to a maximum of 80 hours. No accrual is recorded for sick leave since employees are only eligible to receive compensation for legitimate illnesses and do not receive payment for unused sick leave.

*Property and Equipment*

Property and equipment acquired for \$5,000 or more is capitalized at cost. Property and equipment is depreciated over the estimated useful life, ranging from 5 to 20 years, using the straight-line method.

*Cash and Cash Equivalents*

For purposes of the combined statement of cash flows, all highly liquid debt instrument purchases with an original maturity of three months or less are considered cash and/or cash equivalents.

*Risks and Uncertainties*

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, receivables, and investments. At times, cash and cash equivalent balances exceed federally insured amounts. The Organization believes it reduces risks associated with balances in excess of federal insured amounts by maintaining its cash with major financial institutions with sound financial standing. Management continually monitors receivable balances and believes that its exposure to credit risk is limited. Investment securities are exposed to various risks, such as interest rate risk, market risk and credit risk. If liquidity issues arise in the global credit and capital markets, it is at least reasonably possible that these changes in risks could materially affect the amounts reported in the accompanying combined financial statements.

**ATLANTA EDUCATIONAL TELECOMMUNICATIONS  
COLLABORATIVE, INC. AND AFFILIATE**

Notes to the Combined Financial Statements  
June 30, 2021 and 2020

**Note 1 – Background and Significant Accounting Policies, continued**

*Risks and Uncertainties (Continued)*

The Organization has experienced a disruption of normal business operations caused from COVID-19. The overall financial impact cannot be determined through the date of this report, however, it is reasonably possible that changes in risks in the near term could occur which could result in a material change to the combined financial statements.

*Use of Estimates*

The preparation of combined financial statements in conformity with GAAP requires the Organization to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results may differ from those estimates.

*Functional Expenses*

The statement of functional expenses presents expenses by functional and natural classification. Certain expenses, such as depreciation, indirect administrative support, and utilities are allocated among program services and supporting services based on the full-time employee equivalent method of allocation.

*Subsequent Events*

Management has evaluated subsequent events through the date of this report, which is the date the combined financial statements were available to be issued.

**Note 2 – Receivables**

A summary of receivables as of June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Accounts/pledges receivable	\$ 816,231	\$ 1,336,831
Grants receivable	<u>2,000</u>	<u>14,131</u>
	818,231	1,350,962
Less: allowance for doubtful accounts	<u>(71,728)</u>	<u>(65,405)</u>
Total Receivables	<u>\$ 746,503</u>	<u>\$ 1,285,557</u>

The Organization also has a long-term note receivable that is a result of the Welfare Benefit Plan (see Note 10) for the former Chief Executive Officer. The value of the long-term receivable as of June 30, 2021 and 2020 is \$1,977,286 including \$54,424 cumulative interest. In 2015, per the terms of the agreement, interest stopped accumulating due to distributions to the former Chief Executive Officer.



**ATLANTA EDUCATIONAL TELECOMMUNICATIONS  
COLLABORATIVE, INC. AND AFFILIATE**

Notes to the Combined Financial Statements  
June 30, 2021 and 2020

**Note 3 – Investments**

A summary of aggregate fair value of investments are as follows at June 30:

<u>Types of Investments:</u>	<u>Fair Value</u>	<u>2021</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity securities <sup>a</sup> :	\$ 2,336,320	\$ 2,336,320	\$ -	\$ -
Fixed income securities <sup>b</sup> :	<u>902,983</u>	<u>50,051</u>	<u>852,932</u>	<u>-</u>
Total	<u>\$ 3,239,303</u>	<u>\$ 2,386,371</u>	<u>\$ 852,932</u>	<u>\$ -</u>

  

<u>Types of Investments:</u>	<u>Fair Value</u>	<u>2020</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity securities <sup>a</sup> :	\$ 1,590,401	\$ 1,590,401	\$ -	\$ -
Fixed income securities <sup>b</sup> :	<u>1,170,555</u>	<u>-</u>	<u>1,170,555</u>	<u>-</u>
Total	<u>\$ 2,760,956</u>	<u>\$ 1,590,401</u>	<u>\$ 1,170,555</u>	<u>\$ -</u>

<sup>a</sup> Equity securities are comprised of the following investment types: common stock and mutual funds.

<sup>b</sup> Fixed income securities are comprised of the following investment types: bonds, bond mutual funds, treasury notes and corporate bonds.

**Note 4 – Property and Equipment**

Property and equipment balances as of June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Equipment and furniture	\$ 3,706,784	\$ 3,124,732
Intellectual Property	147,000	50,000
Leasehold improvements	<u>1,457,809</u>	<u>1,457,809</u>
	5,311,593	4,632,541
Less: Accumulated depreciation	<u>(3,852,515)</u>	<u>(3,654,433)</u>
Property and Equipment, Net	<u>\$ 1,459,078</u>	<u>\$ 978,108</u>

**ATLANTA EDUCATIONAL TELECOMMUNICATIONS  
COLLABORATIVE, INC. AND AFFILIATE**

Notes to the Combined Financial Statements  
June 30, 2021 and 2020

**Note 4 – Property and Equipment, continued**

*Related Party Transactions*

As part of the Agreement with the School System for the Stations mentioned in Note 1, all real and personal property and equipment that comprised the Broadcast Facilities of the Stations at the time of the initial contract with the Organization or property acquired by the School System for the Broadcast Facilities since that time remain the property of the School System. The property is not included in the Organization’s combined financial statements, which has a cost value of approximately \$7,000,000. Beginning July 1, 2018, under the new agreement with the School System, the Organization will lease the Broadcast Facilities. Under the agreement with School System, the Organization may choose to leave the School System facility without penalty. Future minimum lease payments for the years ending June 30 are as follows:

2022		\$ 159,181
2023		162,365
		\$ 321,546

**Note 5 – Paycheck Protection Program**

In April 2020, the Organization obtained a Small Business Administration loan under the Paycheck Protection Program (“PPP”) in the amount of \$1,440,600. The PPP loan bore interest at 1.00% and followed the repayment terms outlined by the Coronavirus Aid, Relief, and Economic Securities Act (the “CARES Act”) and PPP. In December 2020, the Organization received notification that the loan balance was forgiven and recorded the loan amount in other income on the combined statement of activities.

**Note 6 – Net Assets**

Net Assets with donor restrictions as of June 30 are as follows:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Educational Program	\$ 20,000	\$ 51,505
Gun Violence Reporting	-	59,112
Other Programs	84,328	45,741
	\$ 104,328	\$ 156,358

**ATLANTA EDUCATIONAL TELECOMMUNICATIONS  
COLLABORATIVE, INC. AND AFFILIATE**

Notes to the Combined Financial Statements  
June 30, 2021 and 2020

**Note 6 – Net Assets, continued**

Net Assets released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by the donors as of June 30 are as follows:

	<u>2021</u>	<u>2020</u>
Expenditures for program activities	\$ 448,812	\$ 420,586
	<u>\$ 448,812</u>	<u>\$ 420,586</u>

**Note 7 – Liquidity and Availability of Resources**

The Organization’s financial assets available within one year of June 30 for general expenditures are as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 4,846,652	\$ 3,596,538
Receivables	746,503	1,285,557
Investments	<u>3,239,303</u>	<u>2,760,956</u>
Total financial assets available within one year	8,832,458	7,643,051
Less:		
Amounts unavailable to management due to:		
Donor restricted funds	(104,328)	(156,358)
Board Designated Fund	<u>(3,290,882)</u>	<u>(2,826,349)</u>
Total financial assets available within one year without Board approval	<u>\$ 5,437,248</u>	<u>\$ 4,660,344</u>

The majority of the financial assets include cash and cash equivalents. The receivables are expected to be collected within one year. In addition, the Organization can request funds from the Foundation’s Board designated net assets in the event of an immediate liquidity need from events outside the typical life cycle of general expenditures. Availability of the financial assets from the fund are subject to the approval of the governing body.

**ATLANTA EDUCATIONAL TELECOMMUNICATIONS  
COLLABORATIVE, INC. AND AFFILIATE**

Notes to the Combined Financial Statements  
June 30, 2021 and 2020

**Note 8 – Donated Goods and Services**

The value of donated goods and services included as in-kind contribution revenues and the corresponding program expenses in the accompanying statements of activities, are as follows for the years ended June 30:

	<u>2021</u>		
	<u>Television</u>	<u>Radio</u>	<u>Total</u>
Broadcast Facilities	\$ 610,410	\$ 1,393,699	\$ 2,004,109
Goods and Services	19,530	113,664	133,194
Food and Beverage	<u>-</u>	<u>2,625</u>	<u>2,625</u>
 Total	 <u>\$ 629,940</u>	 <u>\$ 1,509,988</u>	 <u>\$ 2,139,928</u>
	 <u>2020</u>		
	<u>Television</u>	<u>Radio</u>	<u>Total</u>
Broadcast Facilities	\$ 647,870	\$ 1,414,334	\$ 2,062,204
Goods and Services	4,449	106,984	111,433
Food and Beverage	<u>5,650</u>	<u>213,150</u>	<u>218,800</u>
 Total	 <u>\$ 657,969</u>	 <u>\$ 1,734,468</u>	 <u>\$ 2,392,437</u>

**Note 9 – Retirement Plans**

The Organization has a Tax Deferred or 403(b) retirement plan (the "Plan"). All full-time employees are eligible to participate in the Plan. The Plan may be terminated at any time at the Organization's sole discretion. After completing six months of employment, the Organization contributes 100% of the first 3% of compensation deferred plus 50% of the next 2% of compensation deferred, which can vary from plan year to plan year. Contributions to the Plan on behalf of Plan participants are made on a bi-weekly basis. Employees may contribute on a tax deferred basis any amount up to the lesser of 100% of their compensation or the IRS allowed limit. The Organization's contributions amounted to \$156,935 and \$151,903 for the years ended June 30, 2021 and 2020, respectively.

The Organization has a Nonqualified Deferred Compensation or 457(b) retirement plan. Director level and above employees are eligible to participate in the 457(b) plan. The 457(b) plan may be terminated at any time, at the Organization's sole discretion. The Organization does not contribute to the 457(b) plan. At June 30, 2021, the 457(b) plan has \$475,671 in Plan Assets, and \$472,728 in Plan Liabilities.

**ATLANTA EDUCATIONAL TELECOMMUNICATIONS  
COLLABORATIVE, INC. AND AFFILIATE**

Notes to the Combined Financial Statements  
June 30, 2021 and 2020

**Note 10 – Welfare Benefit Plan**

The Organization sponsors a welfare benefit plan under ERISA for the benefit of an executive that authorized the purchase of life insurance policies as a means of providing post-employment benefits. The life insurance policies are established on the life of the executive and his spouse as joint insured. To minimize the risk of non-payment, the value of the life insurance was distributed between two highly rated insurers.

Each premium contribution provided by the Organization on behalf of the executive is treated for legal, tax and financial purposes as a loan from the Organization to the executive. These premium loans are established as a long-term note receivable on the combined financial statements of the Organization. The receivable is required to be repaid by the executive. Accordingly, The Organization has entered into a collateral assignment agreement with the executive which provides that the death benefit of the life insurance policies will provide a full repayment of the accumulated loan receivable at the death of the individuals insured under the policies to the Organization. Based upon actuarial tables, it is projected that the life insurance policies held by the executive and his spouse will generate additional death benefits to the Organization over and beyond the loan repayment and contractually agreed upon interest.

**Note 11 – Operating Lease Commitments**

The Organization leases space to certain companies on its roof for tower rentals under noncancelable operating leases. The following is a schedule by years of future minimum rentals to be received under the leases at June 30, 2021:

2022	\$ 341,135
2023	351,369
2024	241,273
2025	248,511
2026	255,967
Thereafter	<u>2,138,433</u>
	<u>\$ 3,576,688</u>

SUPPLEMENTARY INFORMATION

**ATLANTA EDUCATIONAL TELECOMMUNICATIONS COLLABORATIVE, INC.**

Supplementary Schedule of Statement of Activities by CPB Licensee  
For The Year Ended June 30, 2021

	TV	Radio	Combined
<b>Public Support and Revenues:</b>			
Public broadcasting entities	\$ 925,472	\$ 577,148	\$ 1,502,620
Grants	222,875	178,907	401,782
Contributions, subscription membership fees	2,292,935	6,682,236	8,975,171
Underwriting contributions	247,795	3,116,375	3,364,170
In-kind contributions, excluding APS support	19,530	116,290	135,820
APS Indirect financial support	610,409	1,393,699	2,004,108
Rental income	395,600	171,650	567,250
Investment return, net	302,774	302,774	605,548
Other revenue	24,685	8,735	33,420
Total Public Support and Revenues	<u>5,042,075</u>	<u>12,547,814</u>	<u>17,589,889</u>
<b>Expenses:</b>			
Program services			
Programming and production	2,330,752	4,979,426	7,310,178
Broadcasting	882,687	1,439,092	2,321,779
Program information and promotion	250,827	408,940	659,767
Depreciation	46,343	75,555	121,898
Total Program Services	<u>3,510,609</u>	<u>6,903,013</u>	<u>10,413,622</u>
Support services:			
Management and general	252,632	2,581,578	2,834,210
Fundraising and membership development	642,742	1,737,785	2,380,527
Underwriting and grant solicitation	93,218	1,209,788	1,303,006
Depreciation	28,964	47,221	76,185
Total Support Services	<u>1,017,556</u>	<u>5,576,372</u>	<u>6,593,928</u>
Total Expenses	<u>4,528,165</u>	<u>12,479,385</u>	<u>17,007,550</u>
Other Income:			
Forgiveness of Paycheck Protection Program loan	<u>720,300</u>	<u>720,300</u>	<u>1,440,600</u>
Change in Net Assets	<u>\$ 1,234,210</u>	<u>\$ 788,729</u>	<u>\$ 2,022,939</u>

**ATLANTA EDUCATIONAL TELECOMMUNICATIONS COLLABORATIVE, INC. AND AFFILIATE**

Combining Statement of Financial Position  
June 30, 2021

	<u>AETC</u>	<u>Foundation</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,795,073	\$ 51,579	\$ 4,846,652
Receivables, net	746,503	-	746,503
Investments	-	3,239,303	3,239,303
Prepaid expenses	73,776	-	73,776
Investments held under nonqualified retirement agreement	475,671	-	475,671
Note receivable	1,977,286	-	1,977,286
Property and equipment, net	<u>1,459,078</u>	<u>-</u>	<u>1,459,078</u>
<b>TOTAL ASSETS</b>	<u>\$ 9,527,387</u>	<u>\$ 3,290,882</u>	<u>\$ 12,818,269</u>
<b>LIABILITIES AND NET ASSETS</b>			
Accounts payable and accrued expenses	\$ 595,550	\$ -	\$ 595,550
Accrued salaries and fringe benefits	426,041	-	426,041
Deferred revenues	917,365	-	917,365
Obligations under nonqualified retirement agreement	<u>472,728</u>	<u>-</u>	<u>472,728</u>
Total Liabilities	<u>2,411,684</u>	<u>-</u>	<u>2,411,684</u>
Net Assets:			
Without donor restrictions	7,011,375	3,290,882	10,302,257
With donor restrictions	<u>104,328</u>	<u>-</u>	<u>104,328</u>
Total Net Assets	<u>7,115,703</u>	<u>3,290,882</u>	<u>10,406,585</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 9,527,387</u>	<u>\$ 3,290,882</u>	<u>\$ 12,818,269</u>



**ATLANTA EDUCATIONAL TELECOMMUNICATIONS COLLABORATIVE, INC. AND AFFILIATE**

Combining Statement of Activities  
Year Ended June 30, 2021

	<u>AETC</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
Public Support and Revenues:				
Public broadcasting entities	\$ 1,502,620	\$ -	\$ -	\$ 1,502,620
Grants	401,782	-	-	401,782
Contributions, subscription membership fees	8,975,171	-	-	8,975,171
Underwriting contributions	3,364,170	-	-	3,364,170
In-kind contributions	2,139,928	-	-	2,139,928
Rental income	567,250	-	-	567,250
Investment return, net	1,431	604,117	-	605,548
Funding from Foundation	127,641	-	(127,641)	-
Other revenues	33,420	-	-	33,420
Net assets released from restrictions	-	-	-	-
Total Public Support and Revenues	<u>17,113,413</u>	<u>604,117</u>	<u>(127,641)</u>	<u>17,589,889</u>
Expenses:				
Program	10,413,622	127,641	(127,641)	10,413,622
Management and General	2,849,786	11,944	-	2,861,730
Underwriting and Fundraising	3,732,198	-	-	3,732,198
Total Expenses	<u>16,995,606</u>	<u>139,585</u>	<u>(127,641)</u>	<u>17,007,550</u>
Other Income:				
Forgiveness of Paycheck Protection Program loan	<u>1,440,600</u>	-	-	<u>1,440,600</u>
Changes in Net Assets	<u>\$ 1,558,407</u>	<u>\$ 464,532</u>	<u>\$ -</u>	<u>\$ 2,022,939</u>