

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

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

**YEARS ENDED JUNE 30, 2020 AND 2019  
and  
SUPPLEMENTARY INFORMATION**

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## 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, 2020 and 2019, 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, 2020 and 2019, 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 + Howard*

January 4, 2021

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

Combined Statements of Financial Position  
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,596,538	\$ 1,371,479
Receivables, net	1,285,557	1,070,438
Investments	2,760,956	4,446,807
Prepaid expenses	30,681	49,198
Investments held under nonqualified retirement agreement	381,577	348,493
Note receivable	1,977,286	1,977,286
Property and equipment, net	<u>978,108</u>	<u>1,178,591</u>
<b>TOTAL ASSETS</b>	<u>\$ 11,010,703</u>	<u>\$ 10,442,292</u>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	\$ 228,804	\$ 450,872
Accrued salaries and fringe benefits	420,831	730,334
Deferred revenues	157,693	66,090
Obligations under nonqualified retirement agreement	379,129	346,148
Payroll protection program loan	<u>1,440,600</u>	<u>-</u>
Total Liabilities	<u>2,627,057</u>	<u>1,593,444</u>
Net Assets:		
Without donor restrictions		
Undesignated	5,400,939	5,718,470
Board Designated	<u>2,826,349</u>	<u>2,878,292</u>
	8,227,288	8,596,762
With donor restrictions		
Purpose restricted	<u>156,358</u>	<u>252,086</u>
Total Net Assets	<u>8,383,646</u>	<u>8,848,848</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 11,010,703</u>	<u>\$ 10,442,292</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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
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)	-
Total Public Support and Revenues	<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
Total Program Services	<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
Total Support Services	<u>6,406,783</u>	<u>-</u>	<u>6,406,783</u>
Total Expenses	<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.**

Statement of Activities  
Year Ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public Support and Revenues:			
Public broadcasting entities	\$ 1,438,021	\$ 274,982	\$ 1,713,003
Grants	-	347,847	347,847
Contributions, subscription membership fees	7,486,899	-	7,486,899
Underwriting contributions	4,352,308	-	4,352,308
In-kind contributions	1,783,428	-	1,783,428
Rental income	531,958	-	531,958
Investment return, net	274,217	-	274,217
Other revenues	55,779	-	55,779
Net assets released from restrictions	418,577	(418,577)	-
Total Public Support and Revenues	<u>16,341,187</u>	<u>204,252</u>	<u>16,545,439</u>
Expenses			
Program Services			
Programming and Production	7,558,906	-	7,558,906
Broadcasting	2,584,964	-	2,584,964
Program Information and Promotion	1,342,882	-	1,342,882
Total Program Services	<u>11,486,752</u>	<u>-</u>	<u>11,486,752</u>
Support Services			
Management and General	2,693,526	-	2,693,526
Underwriting	1,313,819	-	1,313,819
Fundraising	2,481,327	-	2,481,327
Total Support Services	<u>6,488,672</u>	<u>-</u>	<u>6,488,672</u>
Total Expenses	<u>17,975,424</u>	<u>-</u>	<u>17,975,424</u>
Changes in Net Assets	<u>(1,634,237)</u>	<u>204,252</u>	<u>(1,429,985)</u>
Net Assets, Beginning of Year	<u>10,230,999</u>	<u>47,834</u>	<u>10,278,833</u>
<b>NET ASSETS, END OF YEAR</b>	<u><u>\$ 8,596,762</u></u>	<u><u>\$ 252,086</u></u>	<u><u>\$ 8,848,848</u></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
Insurance	-	-	-	-	-	39,924	-	-	39,924	39,924
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	945,847	83,457	389,467	139,096	1,557,867	306,009	278,190	250,371	834,570	2,392,437
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.

Statement of Functional Expenses  
Year Ended June 30, 2019

	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	\$ 1,964,563	\$ 470,108	\$ 1,022,447	\$ 460,828	\$ 3,917,946	\$ 1,095,664	\$ 670,817	\$ 827,861	\$ 2,594,342	\$ 6,512,288
Employee Benefit & Taxes	488,728	116,122	245,387	110,054	960,291	197,664	151,667	198,687	548,018	1,508,309
Professional fees & Contract Services	120,512	166,740	198,332	18,663	504,247	492,198	108,746	1,500	602,444	1,106,691
Advertising & Promotion	14,597	-	77,327	270,420	362,344	-	216	3,205	3,421	365,765
Office Expenses	66,016	11,799	32,389	12,433	122,637	66,095	259,110	41,794	366,999	489,636
Information Technology	27,009	9,285	285,184	692	322,170	10,310	117,483	343	128,136	450,306
Occupancy	133,924	23,418	67,907	19,550	244,799	223,831	37,577	39,675	301,083	545,882
Travel & Conferences	29,063	24,154	33,060	8,389	94,666	62,680	59,189	5,321	127,190	221,856
Insurance	-	-	-	-	-	34,255	-	-	34,255	34,255
Program Acquisition & Development	1,551,608	1,179,025	179,153	56,114	2,965,900	-	-	-	-	2,965,900
Premiums & Processing	-	-	-	-	-	-	473,582	780	474,362	474,362
Event & Fundraising Expense	2,298	274	-	34,373	36,945	7,502	444,145	2,750	454,397	491,342
Equipment and Maintenance	9,829	5,483	115,675	412	131,399	867	947	1,075	2,889	134,288
Other	114,548	127,728	14,878	8,826	265,980	232,708	12,640	11,115	256,463	522,443
Depreciation	135,939	23,771	68,930	19,844	248,484	41,776	38,141	40,272	120,189	368,673
	<u>4,658,634</u>	<u>2,157,907</u>	<u>2,340,669</u>	<u>1,020,598</u>	<u>10,177,808</u>	<u>2,465,550</u>	<u>2,374,260</u>	<u>1,174,378</u>	<u>6,014,188</u>	<u>16,191,996</u>
Indirect Administrative Support	349,647	61,140	177,295	51,039	639,121	107,451	98,103	103,583	309,137	948,258
In-Kind Expenses	165,789	165,789	67,000	271,245	669,823	120,525	8,964	35,858	165,347	835,170
Total In-Kind Expenses	515,436	226,929	244,295	322,284	1,308,944	227,976	107,067	139,441	474,484	1,783,428
Total	<u>\$ 5,174,070</u>	<u>\$ 2,384,836</u>	<u>\$ 2,584,964</u>	<u>\$ 1,342,882</u>	<u>\$ 11,486,752</u>	<u>\$ 2,693,526</u>	<u>\$ 2,481,327</u>	<u>\$ 1,313,819</u>	<u>\$ 6,488,672</u>	<u>\$ 17,975,424</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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Cash Flows from Operating Activities:</b>		
Cash received from contributors, members and grants	\$ 13,817,320	\$ 13,599,743
Other receipts	578,364	713,824
Cash paid to suppliers and employees	<u>(15,328,042)</u>	<u>(15,857,136)</u>
Net cash used in operating activities	<u>(932,358)</u>	<u>(1,543,569)</u>
<b>Cash Flows from Investing Activities:</b>		
Acquisitions of property and equipment	(63,633)	(114,232)
Purchases of investments	(136,913)	(2,957,116)
Sales of investments	<u>1,917,363</u>	<u>2,321,118</u>
Net cash used (provided) in investing activities	<u>1,716,817</u>	<u>(750,230)</u>
<b>Cash Flows from Financing Activities:</b>		
Proceeds from payroll protection program loan	<u>1,440,600</u>	<u>-</u>
Net cash provided by financing activities	<u>1,440,600</u>	<u>-</u>
Change in Cash and Cash Equivalents	2,225,059	(2,293,799)
Cash and Cash Equivalents:		
Beginning of Year	<u>1,371,479</u>	<u>3,665,278</u>
<b>END OF YEAR</b>	<u><u>\$ 3,596,538</u></u>	<u><u>\$ 1,371,479</u></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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Reconciliation of change in net assets to net cash provided required by operating activities:		
Change in net assets	\$ (465,202)	\$ (1,429,985)
Adjustments to reconcile change in net asset to net cash provided by (used in) operating activities:		
Depreciation	264,116	368,673
Net realized and unrealized gain on investments	(94,599)	(148,130)
Bad debt expense	37,117	179,130
Changes in assets and liabilities:		
Receivables	(252,236)	(334,068)
Prepaid expenses and investments held under nonqualified retirement	(14,567)	(7,142)
Accounts payable and accrued expenses	(222,068)	(103,426)
Accrued salaries and fringe benefits	(309,503)	(102,375)
Deferred revenues and obligations held under nonqualified retirement	<u>124,584</u>	<u>33,754</u>
<b>NET CASH REQUIRED BY OPERATING ACTIVITIES</b>	<b><u>\$ (932,358)</u></b>	<b><u>\$ (1,543,569)</u></b>

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, 2020 and 2019

**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, 2020 and 2019

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

*New Accounting Standards*

Effective July 1, 2019, the Organization adopted Accounting Standards Update (“ASU”) 2014-09, “*Revenue from Contracts with Customers*” (Topic 606) and the related ASUs, which provided new guidance for revenue recognized from contracts with customers and replaced the previously existing revenue recognition guidance. ASU 2014-09 requires that revenue be recognized at an amount the Organization is entitled to upon transferring control of goods or services to customers, as opposed to when risks and rewards transfer to a customer. The Organization adopted the new ASU using the full retrospective approach. The adoption of this ASU did not have a significant impact on the Organization’s combined financial statements.

No changes were required to previously reported revenues or the beginning net asset balance as a result of the adoption, nor were any contract assets or contract liabilities created upon adoption of the standard. Based on the Organization’s evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard.

Effective July 1, 2019, the Organization also adopted ASU 2018-08, “*Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*”. The amendments in this update provide a framework for evaluating whether the transfer of assets constitutes a contribution or an exchange transaction. This amendment also provides additional clarification as to whether or not a contribution is conditional. The adoption of the ASU did not have a material impact on the Organization’s financial position, results of operations and cash flows as of and for the year ended June 30, 2020.

*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, 2020, the Organization did not have any net assets maintained in perpetuity.

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

Notes to the Combined Financial Statements  
June 30, 2020 and 2019

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

*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.

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.

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

Notes to the Combined Financial Statements  
June 30, 2020 and 2019

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

*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, 2020, 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, 2017.

*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.

*Contributions, Subscription Membership Fees*

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

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

Notes to the Combined Financial Statements  
June 30, 2020 and 2019

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

*In-kind Contributions*

Donated services, materials and supplies, as further described in Note 7, 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.

*Concentration of Credit Risk*

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.

*Risks and Uncertainties*

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.



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

Notes to the Combined Financial Statements  
June 30, 2020 and 2019

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

*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, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Accounts/pledges receivable, net	\$ 1,271,426	\$ 859,171
Grants receivable	<u>14,131</u>	<u>211,267</u>
Total Receivables	<u>\$ 1,285,557</u>	<u>\$ 1,070,438</u>

All of the Organization's receivables noted above are expected to be collected in 2021. The Organization also has a long-term note receivable that is a result of the Welfare Benefit Plan (see Note 9) for the former Chief Executive Officer. The value of the long-term receivable as of June 30, 2020 and 2019 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, 2020 and 2019

**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>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>

<u>Types of Investments:</u>	<u>Fair Value</u>	<u>2019</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity securities <sup>a</sup> :	\$ 1,730,201	\$ 1,730,201	\$ -	\$ -
Fixed income securities <sup>b</sup> :	<u>2,716,606</u>	<u>1,687,447</u>	<u>1,029,159</u>	<u>-</u>
Total	<u>\$ 4,446,807</u>	<u>\$ 3,417,648</u>	<u>\$ 1,029,159</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, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Equipment and furniture	\$ 3,124,732	\$ 3,061,099
Intellectual Property	50,000	50,000
Leasehold improvements	<u>1,457,809</u>	<u>1,457,808</u>
	4,632,541	4,568,907
Less: Accumulated depreciation	<u>(3,654,433)</u>	<u>(3,390,316)</u>
Property and Equipment, Net	<u>\$ 978,108</u>	<u>\$ 1,178,591</u>

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

Notes to the Combined Financial Statements  
June 30, 2020 and 2019

**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:

2021	\$ 156,060
2022	159,181
2023	<u>162,365</u>
	<u>\$ 477,606</u>

**Note 5 – Paycheck Protection Program Loan**

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 bears interest at 1.00% and may require repayment under certain circumstances. Under the terms of Coronavirus Aid, Relief, and Economic Securities Act (the “CARES Act”) and the Paycheck Protection Program Flexibility Act (“PPFPA”), the Organization may apply with the lending institution for PPP loan proceeds used within a specified time period to be forgiven, provided the proceeds are used to cover certain payroll and other expenses as defined by the CARES Act and the PPFPA. Initial repayments of the loan amount are deferred until the date the SBA remits the loan forgiveness funds to the lending institution, or until 10 months after the end of the forgiveness coverage period if the Organization does not apply for forgiveness. In December 2020, the Organization received notification that the loan balance was forgiven.

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

Notes to the Combined Financial Statements  
June 30, 2020 and 2019

**Note 6 – Net Assets**

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

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
Educational Program	\$ 51,505	\$ 110,175
Gun Violence Reporting	59,112	102,649
Other Programs	<u>45,741</u>	<u>39,262</u>
	<u>\$ 156,358</u>	<u>\$ 252,086</u>

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>2020</u>	<u>2019</u>
Expenditures for program activities	<u>\$ 420,586</u>	<u>\$ 418,577</u>
	<u>\$ 420,586</u>	<u>\$ 418,577</u>

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

Notes to the Combined Financial Statements  
June 30, 2020 and 2019

**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>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 3,596,538	\$ 1,371,479
Receivables	1,285,557	1,070,438
Investments	<u>2,760,956</u>	<u>4,446,807</u>
Total financial assets available within one year	7,643,051	6,888,724
Less:		
Amounts unavailable to management due to Board or Donor restriction		
Donor restricted funds	(156,358)	(252,086)
Board Designated Fund	<u>(2,826,349)</u>	<u>(2,878,292)</u>
 Total financial assets available within one year without Board approval	 <u>\$ 4,660,344</u>	 <u>\$ 3,758,346</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, 2020 and 2019

**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>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>
	 <u>2019</u>		
	<u>Television</u>	<u>Radio</u>	<u>Total</u>
Broadcast Facilities	\$ 439,757	\$ 508,501	\$ 948,258
Goods and Services	198,394	593,303	791,697
Food and Beverage	<u>11,480</u>	<u>31,993</u>	<u>43,473</u>
 Total	 <u>\$ 649,631</u>	 <u>\$ 1,133,797</u>	 <u>\$ 1,783,428</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 \$151,903 and \$157,303 for the years ended June 30, 2020 and 2019, 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, 2020, the 457(b) plan has \$381,577 in Plan Assets, and \$379,129 in Plan Liabilities.

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

Notes to the Combined Financial Statements  
June 30, 2020 and 2019

**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, 2020:

2021	\$ 561,199
2022	341,135
2023	351,369
2024	241,273
2025	248,511
Thereafter	<u>2,394,400</u>
	<u>\$ 4,137,887</u>

## SUPPLEMENTARY INFORMATION



**ATLANTA EDUCATIONAL TELECOMMUNICATIONS COLLABORATIVE, INC.**

Supplementary Schedule of Statement of Activities by CPB Licensee  
For The Year Ended June 30, 2020

	TV	Radio	Combined
<b>Public Support and Revenues:</b>			
Public broadcasting entities	\$ 1,033,363	\$ 879,249	\$ 1,912,612
Grants	22,500	193,500	216,000
Contributions, subscription membership fees	2,068,173	5,590,731	7,658,904
Underwriting contributions	297,427	3,860,029	4,157,456
In-kind contributions, excluding APS support	10,099	320,134	330,233
APS Indirect financial support	647,870	1,414,334	2,062,204
Rental income	390,777	178,676	569,453
Investment return, net	50,027	50,026	100,053
Other revenue	609	2,848	3,457
Total Public Support and Revenues	<u>4,520,845</u>	<u>12,489,527</u>	<u>17,010,372</u>
<b>Expenses:</b>			
<b>Program services</b>			
Programming and production	2,415,346	5,153,961	7,569,307
Broadcasting	931,196	1,520,505	2,451,701
Program information and promotion	332,959	542,841	875,800
Depreciation	65,384	106,599	171,983
Total Program Services	<u>3,744,885</u>	<u>7,323,906</u>	<u>11,068,791</u>
<b>Support services</b>			
Management and general	241,382	2,494,303	2,735,685
Fundraising and membership development	584,377	1,579,982	2,164,359
Underwriting and grant solicitation	101,202	1,313,404	1,414,606
Depreciation	35,027	57,106	92,133
Total Support Services	<u>961,988</u>	<u>5,444,795</u>	<u>6,406,783</u>
Total Expenses	<u>4,706,873</u>	<u>12,768,701</u>	<u>17,475,574</u>
Changes in Net Assets	<u>\$ (186,028)</u>	<u>\$ (279,174)</u>	<u>\$ (465,202)</u>

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

Combining Statement of Financial Position  
June 30, 2020

	<u>AETC</u>	<u>Foundation</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,531,145	\$ 65,393	\$ 3,596,538
Receivables, net	1,285,557	-	1,285,557
Investments	-	2,760,956	2,760,956
Prepaid expenses	30,681	-	30,681
Investments held under nonqualified retirement agreement	381,577	-	381,577
Note receivable	1,977,286	-	1,977,286
Property and equipment, net	<u>978,108</u>	<u>-</u>	<u>978,108</u>
<b>TOTAL ASSETS</b>	<u>\$ 8,184,354</u>	<u>\$ 2,826,349</u>	<u>\$ 11,010,703</u>
<b>LIABILITIES AND NET ASSETS</b>			
Accounts payable and accrued expenses	\$ 228,804	\$ -	\$ 228,804
Accrued salaries and fringe benefits	420,831	-	420,831
Deferred revenues	157,693	-	157,693
Obligations under nonqualified retirement agreement	379,129	-	379,129
Payroll protection program loan	<u>1,440,600</u>	<u>-</u>	<u>1,440,600</u>
Total Liabilities	<u>2,627,057</u>	<u>-</u>	<u>2,627,057</u>
Net Assets:			
Without donor restrictions	5,400,939	2,826,349	8,227,288
With donor restrictions	<u>156,358</u>	<u>-</u>	<u>156,358</u>
Total Net Assets	<u>5,557,297</u>	<u>2,826,349</u>	<u>8,383,646</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 8,184,354</u>	<u>\$ 2,826,349</u>	<u>\$ 11,010,703</u>

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

Combining Statement of Activities  
Year Ended June 30, 2020

	<u>AETC</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
Public Support and Revenues:				
Public broadcasting entities	\$ 1,912,612	\$ -	\$ -	\$ 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	13,652	86,401	-	100,053
Funding from Foundation	119,891	-	(119,891)	-
Other revenues	<u>3,457</u>	<u>-</u>	<u>-</u>	<u>3,457</u>
Total Public Support and Revenues	<u>17,043,862</u>	<u>86,401</u>	<u>(119,891)</u>	<u>17,010,372</u>
Expenses				
Program	11,068,791	119,891	(119,891)	11,068,791
Management and General	2,751,016	18,453	-	2,769,469
Underwriting and Fundraising	<u>3,637,314</u>	<u>-</u>	<u>-</u>	<u>3,637,314</u>
Total Expenses	<u>17,457,121</u>	<u>138,344</u>	<u>(119,891)</u>	<u>17,475,574</u>
Changes in Net Assets	<u>\$ (413,259)</u>	<u>\$ (51,943)</u>	<u>\$ -</u>	<u>\$ (465,202)</u>