ATLANTA EDUCATIONAL TELECOMMUNICATIONS COLLABORATIVE, INC. AND AFFILIATE

COMBINED FINANCIAL STATEMENTS
with
INDEPENDENT AUDITORS' REPORT

YEARS ENDED JUNE 30, 2023 AND 2022
and
SUPPLEMENTARY INFORMATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Atlanta Educational Telecommunications Collaborative, Inc. and Affiliate

Report on the Audit of the Combined Financial Statements

Opinion

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, 2023 and 2022, 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.

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, 2023 and 2022, and the results of their changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

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

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with GAAP; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date of this report.

Auditors' Responsibilities for the Audit of the Combined Financial Statements

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

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In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audits were 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 combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audits 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 GAAS. 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

Atlanta, GA
December 5, 2023

ATLANTA EDUCATIONAL TELECOMMUNICATIONS COLLABORATIVE, INC. AND AFFILIATE
COMBINED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
Cash and cash equivalents	$ 3,417,650	$ 3,444,494
Receivables, net	3,086,963	900,490
Investments	2,667,087	2,824,449
Prepaid expenses	277,376	355,864
Investments held under nonqualified retirement agreement	475,806	430,338
Film tax credit - deferred tax asset	572,509	-
Note receivable	1,977,286	1,977,286
Property and equipment, net	1,880,669	1,835,608
Right-of-use asset - operating lease	2,616,994	-
TOTAL ASSETS	$ 16,972,340	$ 11,768,529
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	$ 581,761	$ 651,250
Accrued salaries and fringe benefits	528,884	449,810
Contract liabilities	-	5,053
Obligation under nonqualified retirement agreement	472,509	427,250
Operating lease liability	2,650,482	-
Total Liabilities	4,233,636	1,533,363
Net Assets:		
Without donor restrictions		
Undesignated	6,786,597	7,090,930
Board designated	2,765,538	2,922,710
	9,552,135	10,013,640
With donor restrictions	3,186,569	221,526
Total Net Assets	12,738,704	10,235,166
TOTAL LIABILITIES AND NET ASSETS	$ 16,972,340	$ 11,768,529

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, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues:			
Public broadcasting entities	$ 1,631,333	$ 25,000	$ 1,656,333
Contributions and grants	90,952	5,078,213	5,169,165
Subscription membership fees	8,503,808	-	8,503,808
Underwriting fees	4,040,323	-	4,040,323
In-kind contributions	2,701,329	-	2,701,329
Rental income	532,651	-	532,651
Investment gain, net	264,978	-	264,978
Other revenues	20,694	-	20,694
Net assets released from restrictions	2,138,170	(2,138,170)	-
Total Public Support and Revenues	19,924,238	2,965,043	22,889,281
Expenses:			
Program Services			
Programming and Production	9,865,816	-	9,865,816
Broadcasting	2,018,187	-	2,018,187
Program Information and Promotion	1,334,705	-	1,334,705
Total Program Services	13,218,708	-	13,218,708
Support Services:			
Management and General	3,258,683	-	3,258,683
Fundraising	2,808,513	-	2,808,513
Underwriting	1,672,348	-	1,672,348
Total Support Services	7,739,544	-	7,739,544
Total Expenses	20,958,252	-	20,958,252
Film Tax Credits	(572,509)	-	(572,509)
Changes in Net Assets	(461,505)	2,965,043	2,503,538
Net Assets, Beginning of Year	10,013,640	221,526	10,235,166
NET ASSETS, END OF YEAR	$ 9,552,135	$ 3,186,569	$ 12,738,704

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, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues:			
Public broadcasting entities	$ 2,358,620	$ 20,000	$ 2,378,620
Contributions and grants	107,286	638,265	745,551
Subscription membership fees	8,877,315	-	8,877,315
Underwriting fees	3,576,876	-	3,576,876
In-kind contributions	2,377,735	-	2,377,735
Rental income	579,082	-	579,082
Investment loss, net	(214,113)	-	(214,113)
Other revenues	9,720	-	9,720
Net assets released from restrictions	541,067	(541,067)	-
Total Public Support and Revenues	18,213,588	117,198	18,330,786
Expenses:			
Program Services			
Programming and Production	8,080,896	-	8,080,896
Broadcasting	2,356,349	-	2,356,349
Program Information and Promotion	1,098,614	-	1,098,614
Total Program Services	11,535,859	-	11,535,859
Support Services:			
Management and General	2,824,708	-	2,824,708
Fundraising	2,527,355	-	2,527,355
Underwriting	1,614,283	-	1,614,283
Total Support Services	6,966,346	-	6,966,346
Total Expenses	18,502,205	-	18,502,205
Changes in Net Assets	(288,617)	117,198	(171,419)
Net Assets, Beginning of Year	10,302,257	104,328	10,406,585
NET ASSETS, END OF YEAR	$ 10,013,640	$ 221,526	$ 10,235,166

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, 2023

	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	$ 2,622,685	$ 557,378	$ 506,569	$ 549,888	$ 4,236,520	$ 1,337,294	$ 886,487	$ 932,893	$ 3,156,674	$ 7,393,194
Employee Benefit & Taxes	666,714	141,761	128,680	139,701	1,076,856	337,273	225,245	235,246	797,764	1,874,620
Professional Fees & Contract Services	85,019	71,071	314,324	88,237	558,651	746,129	12,800	1,665	760,594	1,319,245
Advertising & Promotion	-	-	-	229,552	229,552	1,316	30,797	14,074	46,187	275,739
Office Expenses	5,413	3,247	186,723	10,504	205,887	148,665	239,598	24,079	412,342	618,229
Information Technology	15,256	13,155	433,300	18,693	480,404	45,348	50,378	165	95,891	576,295
Occupancy	319,910	73,825	24,608	41,014	459,357	82,028	82,028	73,825	237,881	697,238
Travel & Conferences	29,614	8,102	9,475	4,536	51,727	73,187	18,473	4,609	96,269	147,996
Insurance	-	-	-	-	-	57,232	-	-	57,232	57,232
Program Acquisition & Development	1,647,363	1,598,309	49,048	14,610	3,309,330	-	-	-	-	3,309,330
Premiums & Processing	-	-	-	-	-	-	193,513	143	193,656	193,656
Event & Fundraising Expense	-	-	-	54,623	54,623	-	695,463	7,197	702,660	757,283
Equipment and Maintenance	24,949	76,015	246,293	1,197	348,454	4,144	-	-	4,144	352,598
Other	123,435	47,818	10,743	1,444	183,440	64,655	12,320	53,181	130,156	313,596
Depreciation	170,073	39,248	13,083	21,804	244,208	43,608	43,608	39,248	126,464	370,672
	5,710,431	2,629,929	1,922,846	1,175,803	11,439,009	2,940,879	2,490,710	1,386,325	6,817,914	18,256,923
Indirect Administrative Support	1,070,909	247,133	82,378	137,296	1,537,716	274,592	274,592	247,133	796,317	2,334,033
In-Kind Expenses	168,524	38,890	12,963	21,606	241,983	43,212	43,211	38,890	125,313	367,296
Total In-Kind Expenses	1,239,433	286,023	95,341	158,902	1,779,699	317,804	317,803	286,023	921,630	2,701,329
Total	$ 6,949,864	$ 2,915,952	$ 2,018,187	$ 1,334,705	$ 13,218,708	$ 3,258,683	$ 2,808,513	$ 1,672,348	$ 7,739,544	$ 20,958,252

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, 2022

	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	$ 2,147,982	$ 199,164	$ 787,882	$ 480,493	$ 3,615,521	$ 1,336,946	$ 720,694	$ 893,792	$ 2,951,432	$ 6,566,953
Employee Benefit & Taxes	532,176	49,512	194,455	119,006	895,149	310,591	178,210	217,622	706,423	1,601,572
Professional Fees & Contract Services	166,750	97,700	257,104	12,128	533,682	532,456	6,237	1,560	540,253	1,073,935
Advertising & Promotion	-	-	214	121,871	122,085	157	49,857	2,560	52,574	174,659
Office Expenses	4,905	574	159,080	290	164,849	86,667	227,946	23,947	338,560	503,409
Information Technology	34,698	14,635	427,531	14,083	490,947	34,899	74,525	2,070	111,494	602,441
Occupancy	214,814	25,272	50,544	44,226	334,856	63,181	56,863	56,863	176,907	511,763
Travel & Conferences	30,504	2,200	11,043	1,920	45,667	51,046	3,316	5,179	59,541	105,208
Insurance	-	-	-	-	-	43,777	-	-	43,777	43,777
Program Acquisition & Development	1,605,249	1,537,993	62,619	52,250	3,258,111	-	-	-	-	3,258,111
Premiums & Processing	-	-	-	-	-	-	300,830	491	301,321	301,321
Event & Fundraising Expense	-	-	-	23,339	23,339	-	595,905	4,883	600,788	624,127
Equipment and Maintenance	7,908	17,464	135,115	404	160,891	2,379	-	-	2,379	163,270
Other	108,285	42,665	9,615	100	160,665	36,176	19,182	111,526	166,884	327,549
Depreciation	111,812	13,154	26,309	23,020	174,295	32,886	29,597	29,597	92,080	266,375
	4,965,083	2,000,333	2,121,511	893,130	9,980,057	2,531,161	2,263,162	1,350,090	6,144,413	16,124,470
Indirect Administrative Support	894,752	105,265	210,530	184,214	1,394,761	263,162	236,846	236,846	736,854	2,131,615
In-Kind Expenses	103,309	12,154	24,308	21,270	161,041	30,385	27,347	27,347	85,079	246,120
Total In-Kind Expenses	998,061	117,419	234,838	205,484	1,555,802	293,547	264,193	264,193	821,933	2,377,735
Total	$ 5,963,144	$ 2,117,752	$ 2,356,349	$ 1,098,614	$ 11,535,859	$ 2,824,708	$ 2,527,355	$ 1,614,283	$ 6,966,346	$ 18,502,205

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, 2023 AND 2022

	2023	2022
Cash Flows from Operating Activities:		
Cash received from contributors, members and grants	$ 17,139,892	$ 14,420,301
Other receipts (expenses)	593,817	590,426
Cash paid to suppliers and employees	(17,726,689)	(16,142,638)
Net cash provided (used) in operating activities	7,020	(1,131,911)
Cash Flows from Investing Activities:		
Acquisitions of property and equipment	(415,733)	(469,365)
Purchases of investments	(670,986)	(586,635)
Sales of investments	1,052,855	785,753
Net cash used in investing activities	(33,864)	(270,247)
Change in Cash and Cash Equivalents	(26,844)	(1,402,158)
Cash and Cash Equivalents:		
Beginning of Year	3,444,494	4,846,652
END OF YEAR	$ 3,417,650	$ 3,444,494

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, 2023 AND 2022

	2023	2022
Reconciliation of change in net assets to net cash provided (used) by operating activities:		
Change in net assets	$ 2,503,538	$ (171,419)
Adjustments to reconcile change in net asset to net cash provided (used) in operating activities:		
Depreciation	370,672	266,375
Lease expense	104,167	-
Payments on operating lease obligation	(70,679)	-
Net realized and unrealized (gain) loss on investments	(224,507)	215,736
Bad debt expense	38,211	91,762
Film tax credit - deferred tax asset	(572,509)	-
Changes in assets and liabilities:		
Receivables	(2,224,684)	(245,749)
Prepaid expenses	78,488	(282,088)
Investments held under nonqualified retirement agreement	(209)	(145)
Accounts payable and accrued expenses	(69,489)	(117,840)
Accrued salaries and fringe benefits	79,074	23,769
Contract liabilities	(5,053)	(912,312)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 7,020	$ (1,131,911)

Non-Cash Investing Transactions:

See Note 1 for summary of non-cash activity related to the adoption of Accounting Standards Update ("ASU") 2016-02, Lease (Topic 842).

At June 30, 2022, accounts payable and accrued expenses included $173,540 of property and equipment purchases.

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

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 WABE-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 December 31, 2036 with the option to renew for one additional five-year terms through December 31, 2041.

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. In June 2022, the Foundation was renamed to WABE Foundation, Inc. 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.

New Accounting Policy Updated

Effective July 1, 2022, the Organization adopted Accounting Standards Update (“ASU”) 2016-02, Leases (Topic 842). The objective of this ASU is to increase transparency and comparability in financial reporting by requiring statement of financial position recognition of leases and note disclosure of certain information about lease arrangements. The Organization adopted ASU 2016-02 using the modified retrospective method. This method allows the standard to be applied retrospectively through a cumulative catch-up adjustment to net assets recognized upon adoption, if necessary. Adoption of ASU 2016-02 did not result in changes to the Organization’s beginning net assets balance. Additionally, upon adoption, the Organization elected to use risk-free discount rate, an option only available to private entities, when calculating the present value of future lease payments and has made an accounting policy election to not recognize lease assets and lease liabilities for leases with terms of 12 months or less.

NOTE 1 – BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Policy Updated (Continued)

Adoption of this ASU resulted in the Organization recording a right-of-use ("ROU") asset and liability of $2,721,161 on July 1, 2022 which represents the present value of future lease payments on the Organization's office space lease further detailed in Note 6 at the date of adoption.

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, 2023, the Organization did not have any net assets maintained in perpetuity.

Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation.

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.

NOTE 1 – BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2023, 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, 2019.

NOTE 1 – BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Federal and State Income Taxes (Continued)

Deferred income taxes are provided for differences in timing of income and expenses for financial reporting and income tax reporting purposes. During the year ended June 30, 2023, the Organization recorded a deferred income tax asset relating to a transferable Georgia Film Production Tax Credit in the amount of $572,509 which was also recorded as a credit for deferred income taxes.

Under the Georgia's Entertainment Industry Investment Act, companies that produce film, television series, music videos and commercials can be provided a 20 percent tax credit on production and post-production costs in Georgia. The act also provides an additional 10 percent tax credit if the finished project includes a promotional logo provided by the state. The Organization is eligible for 30% tax credit on production and post-production costs related to virtual performances that occurred during fiscal year 2023. The Organization calculated a Georgia tax credit in the amount of $572,509. As the Organization is not able to utilize the credits, it intends to sell the credits once formal approval is provided by the Georgia Department of Revenue. Based on research, the Organization estimates they can sell the credit for 90% of credit amount, thus has recorded a valuation allowance on the deferred tax credit in the amount of $63,612 as of June 30, 2023.

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.

Contributions, Subscription Membership Fees

The Organization recognizes subscription membership fees on the date the individual membership gift is 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 contract liabilities in the combined statements of financial position.

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.

NOTE 1 – BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

NOTE 1 – BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 are as follows:

	2023	2022
Accounts receivable	$ 753,301	$ 793,540
Grants and Pledge receivable	2,351,563	139,248
	3,104,864	932,788
Less: allowance for doubtful accounts	(17,901)	(32,298)
Total Receivables	$ 3,086,963	$ 900,490

Accounts receivable are expected to be collected within one year. As of June 30, expected collections on pledges and grants receivable are as follows:

	2023	2022
Amounts receivable in less than 1 Year	$ 1,664,901	$ 139,248
Amounts receivable in 1-5 years	686,662	-
	$ 2,351,563	$ 139,248

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, 2023 and 2022 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.

NOTE 3 – INVESTMENTS

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

		2023		
Types of Investments:	Fair Value	Level 1	Level 2	Level 3
Equity securities [a]:	$ 2,082,012	$ 2,082,012	$ -	$ -
Fixed income securities [b]:	585,075	-	585,075	-
Total	$ 2,667,087	$ 2,082,012	$ 585,075	$ -

		2022		
Types of Investments:	Fair Value	Level 1	Level 2	Level 3
Equity securities [a]:	$ 2,074,035	$ 2,074,035	$ -	$ -
Fixed income securities [b]:	750,414	153,433	596,981	-
Total	$ 2,824,449	$ 2,227,468	$ 596,981	$ -

[a] Equity securities are comprised of the following investment types: common stock and mutual funds.
[b] 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 are as follows:

	2023	2022
Equipment and furniture	$ 4,403,663	$ 3,936,262
Computer software	545,980	545,980
Leasehold Improvements	1,420,588	1,472,257
	6,370,231	5,954,499
Less: Accumulated Depreciation	(4,489,562)	(4,118,891)
Property and Equipment, Net	$ 1,880,669	$ 1,835,608

NOTE 5 – LINE OF CREDIT

In February of 2022, the Organization opened a line of credit facility with a financial institution, and provides for maximum borrowings of $1,000,000, and is secured by the investments of the Organization. The line of credit matures on February 1, 2024, and has an interest rate of the prime rate plus 2.10% (an effective rate of 10.35% at June 30, 2023). There were no outstanding borrowings on this line of credit at June 30, 2023.

NOTE 6 – OPERATING LEASE

During 2022, the Organization entered into an amendment to a lease agreement for its office space. Under the new agreement, the lease term is through 2041, and is inclusive of a five year renewal option that may be exercised.

As detailed in Note 1, the Organization adopted ASU 2016-02, Leases, on July 1, 2022 and has recorded a right of use asset and lease liability which represents the present value of future lease payments using the risk free rate of return that corresponds with the length of the lease term.

At June 30, 2023, the Organization's operating lease liability was comprised of the following:

Gross operating lease liability	$ 3,627,321
Less: imputed interest	(976,839)
Present value of operating lease liability	$ 2,650,482

Operating lease expense was $194,261 for year ending June 30, 2023, and operating cash out flows were $70,679 for the year ending June 30, 2023.

The schedule below summarizes the future minimum annual lease payments for the years ending June 30:

2024	$ 163,988
2025	167,268
2026	170,614
2027	174,026
2028	177,506
Thereafter	2,773,919
	$ 3,627,321

As part of the Agreement with the School System (a related party) 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. There is no consideration paid by the Organization for use of property. The total value of these assets approximates $7,000,000. These assets, if disaggregated by location, would approximate $5,000,000 at the New Street property and $2,000,000 at the Bismark Rd NE property.

NOTE 7 – NET ASSETS

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

	2023	2022
Subject to expenditure for specified purpose:		
Educational Program	$ 3,141	$ -
Environmental Reporting	-	17,750
Digital and Social Media Enhancement	3,183,428	203,776
	$ 3,186,569	$ 221,526

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:

	2023	2022
Expenditures for program activities		
In Conversations Program	$ 22,500	$ 115,220
Educational Program	79,135	165,900
Podcast Development	37,000	10,000
Environmental Reporting	53,776	99,410
Investigative Reporting	48,688	65,537
Digital and Social Media Enhancement	1,897,071	85,000
	$ 2,138,170	$ 541,067

NOTE 8 – LIQUIDITY AND AVAILABILITY OF RESOURCES

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

	2023	2022
Cash and cash equivalents	$ 3,417,650	$ 3,444,494
Receivables	3,086,963	900,490
Investments	2,667,087	2,824,449
Total financial assets available within one year	9,171,700	7,169,433
Less:		
Amounts unavailable to management due to:		
Donor restricted funds	(3,186,569)	(221,526)
Board Designated Fund	(2,765,538)	(2,922,710)
Total financial assets available within one year without Board approval	$ 3,219,593	$ 4,025,197

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. As mentioned in Note 6, the Organization also has a line of credit facility of $1,000,000 which it can draw on as needed. Availability of the financial assets from the fund are subject to the approval of the governing body.

NOTE 9 – DONATED GOODS AND SERVICES

The Organization receives significant in-kind contributions of time and pro bono services from members of the community and volunteers related to program operations, special events, and fund-raising campaigns. Donated services are recognized as contributions 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 Organization. The Organization recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation.

All donated services and assets were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the donated services and assets.

NOTE 9 – DONATED GOODS AND SERVICES (Continued)

The Organization receives institution and physical plant support from the Atlanta Independent School System ("School System"). The Organization receives an indirect administration support calculation from the School System based on a percentage of the School System prior year operating expenses. Goods and services are valued at the prices that would be received for selling similar products.

The Organization received the following donated goods and services for the years ending June 30:

		2023	
	Television	Radio	Total
Broadcast Facilities	$ 631,455	$ 1,702,578	$ 2,334,033
Goods and Services	-	337,156	337,156
Food and Beverage	-	30,140	30,140
Total	$ 631,455	$ 2,069,874	$ 2,701,329

		2022	
	Television	Radio	Total
Broadcast Facilities	$ 576,471	$ 1,555,145	$ 2,131,616
Goods and Services	-	241,394	241,394
Food and Beverage	-	4,725	4,725
Total	$ 576,471	$ 1,801,264	$ 2,377,735

NOTE 10 – 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 $166,660 and $137,785 for the years ended June 30, 2023 and 2022, 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, 2023 and 2022, the 457(b) plan has $475,806 and $430,338, respectively, in Plan Assets, and $472,509 and $427,250, respectively in Plan Liabilities.

NOTE 11 – 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 12 – OPERATING LEASE AGREEMENT AS LESSOR

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:

2024	$ 277,273
2025	248,511
2026	255,967
2027	263,646
2028	271,555
Thereafter	1,603,233
	$ 2,920,185

SUPPLEMENTARY INFORMATION

ATLANTA EDUCATIONAL TELECOMMUNICATIONS COLLABORATIVE, INC.
SUPPLEMENTARY SCHEDULE OF STATEMENT OF ACTIVITIES BY CPB LICENSEE
For The Year Ended June 30, 2023

	TV	Radio	Combined
Public Support and Revenues:			
Public broadcasting entities	$ 993,257	$ 663,076	$ 1,656,333
Contributions and grants	1,637,176	3,531,989	5,169,165
Subscription membership fees	1,758,337	6,745,471	8,503,808
Underwriting fees	231,204	3,809,119	4,040,323
In-kind contributions	631,455	2,069,874	2,701,329
Rental income	300,920	231,731	532,651
Investment return, net	62,495	202,483	264,978
Other revenue	4,880	15,814	20,694
Total Public Support and Revenues	5,619,724	17,269,557	22,889,281
Expenses:			
Program and production	2,915,950	6,949,866	9,865,816
Broadcasting	767,268	1,250,919	2,018,187
Program information and promotion	507,424	827,281	1,334,705
Total Program Services	4,190,642	9,028,066	13,218,708
Support services:			
Management and general	287,533	2,971,150	3,258,683
Fundraising	727,076	2,081,437	2,808,513
Underwriting	97,900	1,574,448	1,672,348
Total Support Services	1,112,509	6,627,035	7,739,544
Total Expenses	5,303,151	15,655,101	20,958,252
Film Tax Credits	(572,509)	-	(572,509)
Change in Net Assets	$ 889,082	$ 1,614,456	$ 2,503,538

ATLANTA EDUCATIONAL TELECOMMUNICATIONS COLLABORATIVE, INC. AND AFFILIATE
COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

	AETC	Foundation	Elimination	Total
ASSETS				
Cash and cash equivalents	$ 3,319,199	$ 98,451	$ -	$ 3,417,650
Receivables, net	3,086,963	-	-	3,086,963
Investments	-	2,667,087	-	2,667,087
Prepaid expenses	277,376	-	-	277,376
Investments held under nonqualified retirement agreement	475,806	-	-	475,806
Due from related entity	71,039	-	(71,039)	-
Film tax credit - deferred tax asset	572,509	-	-	572,509
Note receivable	1,977,286	-	-	1,977,286
Property and equipment, net	1,880,669	-	-	1,880,669
Right-of-use asset - operating lease	2,616,994	-	-	2,616,994
TOTAL ASSETS	$ 14,277,841	$ 2,765,538	$ (71,039)	$ 16,972,340
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable and accrued expenses	$ 581,761	$ -	$ -	$ 581,761
Accrued salaries and fringe benefits	528,884	-	-	528,884
Obligations under nonqualified retirement agreement	472,509	-	-	472,509
Due to related entity	-	71,039	(71,039)	-
Operating lease liability	2,650,482	-	-	2,650,482
Total Liabilities	4,233,636	71,039	(71,039)	4,233,636
Net Assets:				
Without donor restrictions	6,857,636	2,694,499	-	9,552,135
With donor restrictions	3,186,569	-	-	3,186,569
Total Net Assets	10,044,205	2,694,499	-	12,738,704
TOTAL LIABILITIES AND NET ASSETS	$ 14,277,841	$ 2,765,538	$ (71,039)	$ 16,972,340

ATLANTA EDUCATIONAL TELECOMMUNICATIONS COLLABORATIVE, INC. AND AFFILIATE
COMBINING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	AETC	Foundation	Eliminations	Total
Public Support and Revenues:				
Public broadcasting entities	$ 1,656,333	$ -	$ -	$ 1,656,333
Contributions and grants	5,169,165	-	-	5,169,165
Subscription membership fees	8,503,808	-	-	8,503,808
Underwriting fees	4,040,323	-	-	4,040,323
In-kind contributions	2,701,329	-	-	2,701,329
Rental income	532,651	-	-	532,651
Investment return, net	40,471	224,507	-	264,978
Funding from Foundation	368,539	-	(368,539)	-
Other revenues	20,694	-	-	20,694
Total Public Support and Revenues	23,033,313	224,507	(368,539)	22,889,281
Expenses:				
Program	13,147,669	439,578	(368,539)	13,218,708
Management and General	3,245,543	13,140	-	3,258,683
Underwriting and Fundraising	4,480,861	-	-	4,480,861
Total Expenses	20,874,073	452,718	(368,539)	20,958,252
Film Tax Credits	(572,509)	-	-	(572,509)
Changes in Net Assets	$ 2,731,749	$ (228,211)	$ -	$ 2,503,538