# ATLANTA EDUCATIONAL TELECOMMUNICATIONS COLLABORATIVE, INC. AND AFFILIATE

## COMBINED FINANCIAL STATEMENTS
## YEARS ENDED JUNE 30, 2024 AND 2023
## and
## SUPPLEMENTARY INFORMATION

## with
## INDEPENDENT AUDITORS' REPORT

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SMITH+HOWARD PC

## 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, 2024 and 2023, 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, 2024 and 2023, 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.

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
January 24, 2025

**ATLANTA EDUCATIONAL TELECOMMUNICATIONS COLLABORATIVE, INC. AND AFFILIATE**
**COMBINED STATEMENTS OF FINANCIAL POSITION**
**JUNE 30, 2024 AND 2023**

| | 2024 | 2023 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 1,372,839 | $ 3,417,650 |
| Receivables, net | 1,730,912 | 3,086,963 |
| Investments | 2,671,232 | 2,667,087 |
| Prepaid expenses | 247,873 | 277,376 |
| Investments held under nonqualified retirement agreement | 535,731 | 475,806 |
| Film tax credit - deferred tax asset | 1,945,798 | 572,509 |
| Note receivable | 1,977,286 | 1,977,286 |
| Property and equipment, net | 2,253,608 | 1,880,669 |
| Right-of-use asset - operating lease | 2,510,372 | 2,616,994 |
| **TOTAL ASSETS** | $ 15,245,651 | $ 16,972,340 |
| **LIABILITIES AND NET ASSETS** | | |
| Current Liabilities: | | |
| Accounts payable and accrued expenses | $ 757,877 | $ 581,761 |
| Accrued salaries and fringe benefits | 619,579 | 528,884 |
| Obligation under nonqualified retirement agreement | 532,133 | 472,509 |
| Operating lease liability | 2,574,133 | 2,650,482 |
| Total Liabilities | 4,483,722 | 4,233,636 |
| Net Assets: | | |
| Without donor restrictions | | |
| Undesignated | 7,238,103 | 6,786,597 |
| Board designated | 2,635,203 | 2,765,538 |
| | 9,873,306 | 9,552,135 |
| With donor restrictions | 888,623 | 3,186,569 |
| Total Net Assets | 10,761,929 | 12,738,704 |
| **TOTAL LIABILITIES AND NET ASSETS** | $ 15,245,651 | $ 16,972,340 |

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, 2024

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Public Support and Revenues: | | | |
| Public broadcasting entities | $ 1,719,429 | $ 10,000 | $ 1,729,429 |
| Contributions and grants | 154,814 | 1,542,074 | 1,696,888 |
| Subscription membership fees | 8,166,214 | - | 8,166,214 |
| Underwriting fees | 3,679,165 | - | 3,679,165 |
| In-kind contributions | 2,975,278 | - | 2,975,278 |
| Rental income | 593,153 | - | 593,153 |
| Investment gain, net | 359,177 | - | 359,177 |
| Other revenues | 1,455 | - | 1,455 |
| Net assets released from restrictions | 3,850,020 | (3,850,020) | - |
| Total Public Support and Revenues | 21,498,705 | (2,297,946) | 19,200,759 |
| Expenses: | | | |
| Program Services | | | |
| Programming and Production | 10,639,228 | - | 10,639,228 |
| Broadcasting | 3,136,628 | - | 3,136,628 |
| Program Information and Promotion | 964,955 | - | 964,955 |
| Total Program Services | 14,740,811 | - | 14,740,811 |
| Support Services: | | | |
| Management and General | 3,152,088 | - | 3,152,088 |
| Fundraising | 3,116,557 | - | 3,116,557 |
| Underwriting | 1,541,367 | - | 1,541,367 |
| Total Support Services | 7,810,012 | - | 7,810,012 |
| Total Expenses | 22,550,823 | - | 22,550,823 |
| Film Tax Credits | 1,373,289 | - | 1,373,289 |
| Changes in Net Assets | 321,171 | (2,297,946) | (1,976,775) |
| Net Assets, Beginning of Year | 9,552,135 | 3,186,569 | 12,738,704 |
| **NET ASSETS, END OF YEAR** | $ 9,873,306 | $ 888,623 | $ 10,761,929 |

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 FUNCTIONAL EXPENSES**
**YEAR ENDED JUNE 30, 2024**

| | 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 | $ 2,731,205 | $ 863,199 | $ 1,121,677 | $ 422,809 | $ 5,138,890 | $ 1,241,348 | $ 1,090,836 | $ 838,147 | $ 3,170,331 | $ 8,309,221 |
| Employee Benefit & Taxes | 699,115 | 236,857 | 285,837 | 108,213 | 1,330,022 | 294,503 | 276,628 | 217,782 | 788,913 | 2,118,935 |
| Professional Fees & Contract Services | 28,207 | 75,334 | 280,357 | 63,907 | 447,805 | 866,100 | 27,362 | 17,500 | 910,962 | 1,358,767 |
| Advertising & Promotion | - | - | - | 168,322 | 168,322 | - | 62,737 | 6,613 | 69,350 | 237,672 |
| Office Expenses | 4,187 | 2,876 | 263,221 | 6,134 | 276,418 | 96,821 | 231,655 | 24,323 | 352,799 | 629,217 |
| Information Technology | 33,799 | 12,439 | 499,193 | 27,509 | 572,940 | 52,990 | 50,054 | 7,191 | 110,235 | 683,175 |
| Occupancy | 232,162 | 56,472 | 87,845 | 18,823 | 395,302 | 62,746 | 87,845 | 56,472 | 207,063 | 602,365 |
| Travel & Conferences | 37,747 | 10,884 | 6,066 | 8,737 | 63,434 | 70,917 | 11,845 | 7,465 | 90,227 | 153,661 |
| Insurance | - | - | - | - | - | 34,031 | - | - | 34,031 | 34,031 |
| Program Acquisition & Development | 1,765,626 | 2,033,099 | 44,492 | - | 3,843,217 | - | - | - | - | 3,843,217 |
| Premiums & Processing | - | - | - | - | - | - | 184,142 | - | 184,142 | 184,142 |
| Event & Fundraising Expense | - | - | - | 32,545 | 32,545 | 3,592 | 588,377 | - | 591,969 | 624,514 |
| Equipment and Maintenance | 2,052 | 20,017 | 55,288 | - | 77,357 | 5,685 | - | - | 5,685 | 83,042 |
| Other | 124,951 | 51,756 | 448 | 2,483 | 179,638 | 71,780 | 12,871 | 49,457 | 134,108 | 313,746 |
| Depreciation | 154,105 | 37,485 | 58,310 | 12,495 | 262,395 | 41,650 | 58,310 | 37,485 | 137,445 | 399,840 |
| | 5,813,156 | 3,400,418 | 2,702,734 | 871,977 | 12,788,285 | 2,842,163 | 2,682,662 | 1,262,435 | 6,787,260 | 19,575,545 |
| Indirect In-Kind Administrative Support | 999,045 | 243,011 | 378,016 | 81,004 | 1,701,076 | 270,012 | 378,017 | 243,011 | 891,040 | 2,592,116 |
| Other In-Kind Expenses | 147,677 | 35,921 | 55,878 | 11,974 | 251,450 | 39,913 | 55,878 | 35,921 | 131,712 | 383,162 |
| Total In-Kind Expenses | 1,146,722 | 278,932 | 433,894 | 92,978 | 1,952,526 | 309,925 | 433,895 | 278,932 | 1,022,752 | 2,975,278 |
| Total | $ 6,959,878 | $ 3,679,350 | $ 3,136,628 | $ 964,955 | $ 14,740,811 | $ 3,152,088 | $ 3,116,557 | $ 1,541,367 | $ 7,810,012 | $ 22,550,823 |

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 In-Kind 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 |
| Other 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 STATEMENTS OF CASH FLOWS
## YEARS ENDED JUNE 30, 2024 AND 2023

| | 2024 | 2023 |
|---|---|---|
| **Cash Flows from Operating Activities:** | | |
| Cash received from contributors, members and grants | $ 16,593,090 | $ 17,139,892 |
| Other receipts (expenses) | 634,625 | 593,817 |
| Cash paid to suppliers and employees | (18,814,762) | (17,726,689) |
| Net cash provided by (used in) operating activities | (1,587,047) | 7,020 |
| **Cash Flows from Investing Activities:** | | |
| Acquisitions of property and equipment | (772,779) | (415,733) |
| Purchases of investments | (556,844) | (670,986) |
| Sales of investments | 871,859 | 1,052,855 |
| Net cash used in investing activities | (457,764) | (33,864) |
| Change in Cash and Cash Equivalents | (2,044,811) | (26,844) |
| Cash and Cash Equivalents: | | |
| Beginning of Year | 3,417,650 | 3,444,494 |
| **END OF YEAR** | $ 1,372,839 | $ 3,417,650 |

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, 2024 AND 2023**

| | 2024 | 2023 |
|---|---|---|
| Reconciliation of change in net assets to net cash provided (used) by operating activities: | | |
| Change in net assets | $ (1,976,775) | $ 2,503,538 |
| Adjustments to reconcile change in net asset to net cash provided (used) in operating activities: | | |
| Depreciation | 399,840 | 370,672 |
| Lease expense | 106,622 | 104,167 |
| Payments on operating lease obligation | (76,349) | (70,679) |
| Net realized and unrealized gain on investments | (319,160) | (224,507) |
| Bad debt expense | 34,657 | 38,211 |
| Film tax credit - deferred tax asset | (1,373,289) | (572,509) |
| Changes in assets and liabilities: | | |
| Receivables | 1,321,394 | (2,224,684) |
| Prepaid expenses | 29,503 | 78,488 |
| Investments held under nonqualified retirement agreement | (301) | (209) |
| Accounts payable and accrued expenses | 176,116 | (69,489) |
| Accrued salaries and fringe benefits | 90,695 | 79,074 |
| Contract liabilities | - | (5,053) |
| **NET CASH PROVIDED BY (USED IN) BY OPERATING ACTIVITIES** | $ (1,587,047) | $ 7,020 |

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.

WABE Studios, LLC is a subsidiary of AETC. WABE Studios, LLC recognized revenue and expenses as well as a deferred income tax asset related to a Georgia Film Production Tax Credit as further described below. All significant intercompany accounts and transaction have been eliminated.

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, WABE Studios, LLC 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. WABE Studios, LLC has been consolidated with AETC. All significant intercompany accounts and transactions have been eliminated in combination.

## NOTE 1 – BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

*New Accounting Policies*

During 2024, the Organization adopted the requirements of Accounting Standards Update ("ASU") 2016-03, Financial Instruments – Credit Losses. This ASU introduces a "current expected credit loss" ("CECL") model which requires all expected credit losses for financial instruments held at the reporting date to be based on historical experience, current conditions, and reasonable supportable forecasts. The CECL model replaces the existing incurred loss method and is applicable to the measurement of credit losses of financial assets. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB Accounting Standards Codification ("ASC") 325 were trade receivable. There was no material impact to the combined financial statements or footnotes upon adoption of this new accounting policy.

*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.

*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, 2024, 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, 2021.

## NOTE 1 – BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES (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, 2024, and 2023 the Organization recorded a deferred income tax asset relating to a transferable Georgia Film Production Tax Credit in the amount of $1,945,798 and $572,509, respectively, 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 2024 and 2023. The Organization calculated Georgia tax credits for the years ended June 30, 2024 and 2023 in the amount of $1,373,289 and $572,509, respectively. 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 88% of the credit amount, thus has recorded a valuation allowance on the deferred tax credit for June 30, 2024 and 2023 in the amount of $182,053 and $63,612, respectively.

*Revenue Recognition*

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 9, 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 2 – RECEIVABLES

A summary of receivables as of June 30 are as follows:

| | 2024 | 2023 |
|---|---|---|
| Accounts receivable | $ 843,040 | $ 753,301 |
| Grants and Pledge receivable | 934,507 | 2,351,563 |
| | 1,777,547 | 3,104,864 |
| Less: allowance for doubtful accounts | (46,635) | (17,901) |
| | $ 1,730,912 | $ 3,086,963 |

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

| | 2024 | 2023 |
|---|---|---|
| Amounts receivable in less than 1 Year | $ 617,841 | $ 1,664,901 |
| Amounts receivable in 1-5 years | 316,666 | 686,662 |
| | $ 934,507 | $ 2,351,563 |

The Organization also has a long-term note receivable that is a result of the Welfare Benefit Plan (see Note 11) for the former Chief Executive Officer. The value of the long-term receivable as of June 30, 2024 and 2023 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:

| | 2024 | | | |
|---|---|---|---|---|
| Types of Investments: | Fair Value | Level 1 | Level 2 | Level 3 |
| Equity securities [a]: | $ 2,000,769 | $ 2,000,769 | $ - | $ - |
| Fixed income securities [b]: | 670,463 | - | 670,463 | - |
| Total | $ 2,671,232 | $ 2,000,769 | $ 670,463 | $ - |

| | 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 | $ - |

[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:

| | 2024 | 2023 |
|---|---|---|
| Equipment and furniture | $ 4,972,062 | $ 4,403,663 |
| Computer software | 545,980 | 545,980 |
| Leasehold improvements | 1,624,969 | 1,420,588 |
| | 7,143,011 | 6,370,231 |
| Less: Accumulated Depreciation | (4,889,403) | (4,489,562) |
| | $ 2,253,608 | $ 1,880,669 |

## NOTE 5 – LINE OF CREDIT

The Organization has a line of credit facility with a financial institution, which 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, 2026, and has an interest rate of the prime rate plus 2.10% (an effective rate of 10.60% at June 30, 2024). There were no outstanding borrowings on this line of credit at June 30, 2024.

## NOTE 6 – OPERATING LEASE

The Organization has a lease agreement for its office space. Under the agreement, the lease term is through 2041, and is inclusive of a five year renewal option that may be exercised.

The Organization's operating lease liability was comprised of the following at June 30:

| | 2024 | 2023 |
|---|---|---|
| Gross operating lease liability | $ 3,463,332 | $ 3,627,321 |
| Less: imputed interest | (889,200) | (976,839) |
| Present value of operating lease liability | $ 2,574,132 | $ 2,650,482 |

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

| | |
|---|---|
| 2025 | $ 167,268 |
| 2026 | 170,614 |
| 2027 | 174,026 |
| 2028 | 177,506 |
| 2029 | 181,057 |
| Thereafter | 2,592,861 |
| | $ 3,463,332 |

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 as of June 30, 2024 and 2023 approximates $7,000,000. These assets, if disaggregated by location, as of June 30, 2024 and 2023 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:

| | 2024 | 2023 |
|---|---|---|
| Subject to expenditure for specified purpose: | | |
| Educational Program | $ - | $ 3,141 |
| Digital and Social Media Enhancement | 888,623 | 3,183,428 |
| | $ 888,623 | $ 3,186,569 |

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:

| | 2024 | 2023 |
|---|---|---|
| Expenditures for program activities | | |
| In Conversations Program | $ 34,500 | $ 22,500 |
| Educational Program | 54,684 | 79,135 |
| Podcast Development | - | 37,000 |
| Environmental Reporting | - | 53,776 |
| Investigative Reporting | 62,361 | 48,688 |
| Digital and Social Media Enhancement | 3,698,475 | 1,897,071 |
| | $ 3,850,020 | $ 2,138,170 |

## 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:

| | 2024 | 2023 |
|---|---|---|
| Cash and cash equivalents | $ 1,372,839 | $ 3,417,650 |
| Receivables | 1,730,912 | 3,086,963 |
| Investments | 2,671,232 | 2,667,087 |
| Total financial assets available within one year | 5,774,983 | 9,171,700 |
| Less: | | |
| Amounts unavailable to management due to: | | |
| Donor restricted funds | (888,623) | (3,186,569) |
| Board Designated Fund | (2,635,203) | (2,765,538) |
| Total financial assets available within one year without Board approval | $ 2,251,157 | $ 3,219,593 |

## NOTE 8 – LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

Accounts receivable 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 5, 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.

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.

## NOTE 9 – DONATED GOODS AND SERVICES (Continued)

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

| | 2024 | | |
|---|---|---|---|
| | Television | Radio | Total |
| Broadcast Facilities | $ 658,800 | $ 1,933,316 | $ 2,592,116 |
| Goods and Services | 15,720 | 321,155 | 336,875 |
| Food and Beverage | - | 46,287 | 46,287 |
| Total | $ 674,520 | $ 2,300,758 | $ 2,975,278 |

| | 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 |

## 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 $190,905 and $166,660 for the years ended June 30, 2024 and 2023, 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, 2024 and 2023, the 457(b) plan has $535,731 and $475,806, respectively, in Plan Assets, and $532,133 and $472,509, 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 of future minimum rentals to be received under the leases for the years ending June 30:

| | |
|---|---|
| 2025 | $ 248,511 |
| 2026 | 255,967 |
| 2027 | 263,646 |
| 2028 | 271,555 |
| 2029 | 139,851 |
| Thereafter | 1,463,382 |
| | $ 2,642,912 |

## NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 24, 2025, which is the date the financial statements were available to be issued.

# SUPPLEMENTARY INFORMATION

**ATLANTA EDUCATIONAL TELECOMMUNICATIONS COLLABORATIVE, INC.**
**SUPPLEMENTARY SCHEDULE OF STATEMENT OF ACTIVITIES BY CPB LICENSEE**
**For The Year Ended June 30, 2024**

| | TV | Radio | Combined |
|---|---|---|---|
| Public Support and Revenues: | | | |
| Public broadcasting entities | $ 1,029,464 | $ 699,965 | $ 1,729,429 |
| Contributions and grants | 1,337,498 | 359,390 | 1,696,888 |
| Subscription membership fees | 1,971,160 | 6,195,054 | 8,166,214 |
| Underwriting fees | 152,152 | 3,527,013 | 3,679,165 |
| In-kind contributions | 679,478 | 2,295,800 | 2,975,278 |
| Rental income | 295,288 | 297,865 | 593,153 |
| Investment return, net | 86,166 | 273,011 | 359,177 |
| Other revenue | - | 1,455 | 1,455 |
| Total Public Support and Revenues | 5,551,206 | 13,649,553 | 19,200,759 |
| Expenses: | | | |
| Programming and Production | 3,394,951 | 7,244,277 | 10,639,228 |
| Broadcasting | 1,192,473 | 1,944,155 | 3,136,628 |
| Program Information and Promotion | 366,854 | 598,101 | 964,955 |
| Total Program Services | 4,954,278 | 9,786,533 | 14,740,811 |
| Support services: | | | |
| Management and General | 278,125 | 2,873,963 | 3,152,088 |
| Fundraising | 1,052,127 | 2,064,430 | 3,116,557 |
| Underwriting | 139,236 | 1,402,131 | 1,541,367 |
| Total Support Services | 1,469,488 | 6,340,524 | 7,810,012 |
| Total Expenses | 6,423,766 | 16,127,057 | 22,550,823 |
| Film Tax Credits | 1,373,289 | - | 1,373,289 |
| Change in Net Assets | $ 500,729 | $ (2,477,504) | $ (1,976,775) |

**ATLANTA EDUCATIONAL TELECOMMUNICATIONS COLLABORATIVE, INC. AND AFFILIATE**
**COMBINING STATEMENT OF FINANCIAL POSITION**
**JUNE 30, 2024**

| | AETC | Foundation | Eliminations | Total |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and cash equivalents | $ 1,337,829 | $ 35,010 | $ - | $ 1,372,839 |
| Receivables, net | 1,730,912 | - | - | 1,730,912 |
| Investments | - | 2,671,232 | - | 2,671,232 |
| Prepaid expenses | 247,873 | - | - | 247,873 |
| Investments held under nonqualified retirement agreement | 535,731 | - | - | 535,731 |
| Due from related entity | 71,039 | - | (71,039) | - |
| Film tax credit - deferred tax asset | 1,945,798 | - | - | 1,945,798 |
| Note receivable | 1,977,286 | - | - | 1,977,286 |
| Property and equipment, net | 2,253,608 | - | - | 2,253,608 |
| Right-of-use asset - operating lease | 2,510,372 | - | - | 2,510,372 |
| **TOTAL ASSETS** | $ 12,610,448 | $ 2,706,242 | $ (71,039) | $ 15,245,651 |
| **LIABILITIES AND NET ASSETS** | | | | |
| Current Liabilities: | | | | |
| Accounts payable and accrued expenses | $ 757,877 | $ - | $ - | $ 757,877 |
| Accrued salaries and fringe benefits | 619,579 | - | - | 619,579 |
| Obligations under nonqualified retirement agreement | 532,133 | - | - | 532,133 |
| Due to related entity | - | 71,039 | (71,039) | - |
| Operating lease liability | 2,574,133 | - | - | 2,574,133 |
| Total Liabilities | 4,483,722 | 71,039 | (71,039) | 4,483,722 |
| Net Assets: | | | | |
| Without donor restrictions | 7,238,103 | 2,635,203 | - | 9,873,306 |
| With donor restrictions | 888,623 | - | - | 888,623 |
| Total Net Assets | 8,126,726 | 2,635,203 | - | 10,761,929 |
| **TOTAL LIABILITIES AND NET ASSETS** | $ 12,610,448 | $ 2,706,242 | $ (71,039) | $ 15,245,651 |

**ATLANTA EDUCATIONAL TELECOMMUNICATIONS COLLABORATIVE, INC. AND AFFILIATE**
**COMBINING STATEMENT OF ACTIVITIES**
**YEAR ENDED JUNE 30, 2024**

| | AETC | Foundation | Eliminations | Total |
|---|---|---|---|---|
| Public Support and Revenues: | | | | |
| Public broadcasting entities | $ 1,729,429 | $ - | $ - | $ 1,729,429 |
| Contributions and grants | 1,696,888 | - | - | 1,696,888 |
| Subscription membership fees | 8,166,214 | - | - | 8,166,214 |
| Underwriting fees | 3,679,165 | - | - | 3,679,165 |
| In-kind contributions | 2,975,278 | - | - | 2,975,278 |
| Rental income | 593,153 | - | - | 593,153 |
| Investment return, net | 40,017 | 319,160 | - | 359,177 |
| Funding from Foundation | 365,988 | - | (365,988) | - |
| Other revenues | 1,455 | - | - | 1,455 |
| Total Public Support and Revenues | 19,247,587 | 319,160 | (365,988) | 19,200,759 |
| Expenses: | | | | |
| Program | 14,740,811 | 365,988 | (365,988) | 14,740,811 |
| Management and General | 3,139,620 | 12,468 | - | 3,152,088 |
| Underwriting and Fundraising | 4,657,924 | - | - | 4,657,924 |
| Total Expenses | 22,538,355 | 378,456 | (365,988) | 22,550,823 |
| Film Tax Credits | 1,373,289 | - | - | 1,373,289 |
| Changes in Net Assets | $ (1,917,479) | $ (59,296) | $ - | $ (1,976,775) |