

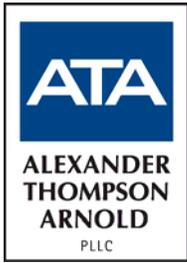
**WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.  
MARTIN, TN**

**FINANCIAL STATEMENTS**

**June 30, 2009**

**WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.**  
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Certified Public Accountants

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Governmental Audit Quality Center – AICPA  
Tennessee Society of Certified Public Accountants  
Center for Public Company Audit Firms  
Employee Benefit Plan Audit Quality Center – AICPA

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
West Tennessee Public Television Council, Inc.  
P.O. Box 966  
Martin, Tennessee 38237

### Board Members:

We have audited the accompanying statement of financial position of West Tennessee Public Television Council, Inc. (a nonprofit organization) as of June 30, 2009, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of West Tennessee Public Television Council, Inc. as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2009, on our consideration of West Tennessee Public Television Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

*Alexander Thompson Arnold PLLC*

Martin, Tennessee  
October 5, 2009

Dyersburg, TN  
Fulton, KY  
Henderson, TN  
Jackson, TN  
Martin, TN

Milan, TN  
McKenzie, TN  
Paris, TN  
Trenton, TN  
Union City, TN

**WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
*June 30, 2009*

**ASSETS**

Current Assets:

Cash and Cash Equivalents		\$ 289,648.69
Certificates of Deposit		790,007.97
Accounts Receivable		5,272.13
Prepaid Expenses		-
Total Current Assets		\$ 1,084,928.79

Fixed Assets:

Leasehold Improvements	\$ 18,560.09	
Furniture/Fixtures/Office Equipment	61,969.04	
Broadcasting Equipment	3,316,446.23	
Transmitters/Antenna/Towers	1,066,873.00	
Vehicles	113,339.87	
	\$ 4,577,188.23	
Less: Accumulated Depreciation	2,511,589.70	
Total Fixed Assets		2,065,598.53

Total Assets

\$ 3,150,527.32

**LIABILITIES AND NET ASSETS**

Current Liabilities:

Accounts Payable		\$ 9,742.56
Payroll Taxes Payable		-
Accrued Annual Pay		43,666.44
Unearned Revenue		559,688.00
Total Liabilities		\$ 613,097.00

Net Assets

Unrestricted:

Operating	\$ 471,831.79	
Fixed Assets	2,065,598.53	
Total Net Assets		2,537,430.32

Total Liabilities and Net Assets

\$ 3,150,527.32

**WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.**  
**STATEMENT OF ACTIVITIES**  
*June 30, 2009*

	UNRESTRICTED		Total
	Operating	Fixed Assets	
<u>Public Support and Revenue</u>			
CPB - Community Service Grant	\$ 546,479.00	\$ -	\$ 546,479.00
CPB - Interconnect Grant	11,494.00	-	11,494.00
CPB - Ready to Learn Grant	1,500.00	-	1,500.00
CPB - Local Service Grant	63,740.00	-	63,740.00
Other Assistance	26,654.00	-	26,654.00
State of Tennessee - Direct			
Apportionment	271,349.11	236,735.39	508,084.50
Special Event Revenue	32,401.51	-	32,401.51
Memberships	67,999.32	-	67,999.32
Underwriting	28,527.28	-	28,527.28
Production Revenue	27,860.00	-	27,860.00
In-Kind Contributions	429,886.31	-	429,886.31
Interest Income	28,563.63	-	28,563.63
Miscellaneous	22,119.59	-	22,119.59
Total Public Support and Revenues	<u>\$ 1,558,573.75</u>	<u>\$ 236,735.39</u>	<u>\$ 1,795,309.14</u>
<u>Expenses:</u>			
Program Services:			
Broadcasting	\$ 554,797.27	\$ -	\$ 554,797.27
Engineering	361,930.73	203,578.49	565,509.22
Production	319,663.78	193,254.52	512,918.30
Education	101,495.41	-	101,495.41
Total Program Services	<u>\$ 1,337,887.19</u>	<u>\$ 396,833.01</u>	<u>\$ 1,734,720.20</u>
Support Services:			
Individual Giving	\$ 88,625.96	\$ -	\$ 88,625.96
Marketing	55,102.20	399.82	55,502.02
Management and Support	415,931.91	3,449.17	419,381.08
Total Support Services	<u>\$ 559,660.07</u>	<u>\$ 3,848.99</u>	<u>\$ 563,509.06</u>
Total Expenses	<u>\$ 1,897,547.26</u>	<u>\$ 400,682.00</u>	<u>\$ 2,298,229.26</u>
Change in Net Assets	\$ (338,973.51)	\$ (163,946.61)	\$ (502,920.12)
Net Assets, Beginning of Year	<u>810,805.30</u>	<u>2,229,545.14</u>	<u>3,040,350.44</u>
Net Assets, End of Year	<u>\$ 471,831.79</u>	<u>\$ 2,065,598.53</u>	<u>\$ 2,537,430.32</u>

**WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2009**

	Program Services				Supporting Services			Total
	Broadcasting	Engineering	Production	Education	Management and Support	Individual Giving	Marketing	
Advertising/Promotions	\$ 965.61	\$ 519.08	\$ 85.00	\$ -	\$ 875.00	\$ -	\$ -	\$ 2,444.69
Automobile Expense	235.00	22,766.51	4,585.27	30.00	487.12	30.00	-	28,133.90
Bad Debt Expense	-	-	-	-	-	-	-	-
Benefits (IRA)	10,581.72	6,235.64	4,584.24	2,572.56	9,382.70	2,310.00	1,018.28	36,685.14
Board Business	-	-	-	-	1,818.71	-	-	1,818.71
Business Insurance	-	-	-	-	43,099.00	-	-	43,099.00
Computer Services - In-kind	-	-	16,224.00	-	4,800.00	-	-	21,024.00
Credit Card Charges	-	-	-	-	1,901.50	-	-	1,901.50
Depreciation	-	203,578.49	193,254.52	-	3,449.17	-	399.82	400,682.00
Dues and Subscriptions - In-kind	-	-	-	-	-	1,750.00	-	1,750.00
Dues and Subscriptions	6,806.00	-	-	922.00	134,431.03	450.00	-	142,609.03
Health Insurance	21,557.80	10,439.47	9,064.70	3,248.68	9,706.48	9,666.93	4,803.42	68,487.48
Legal/Accounting	-	-	-	-	6,500.00	-	-	6,500.00
Miscellaneous	30.63	-	4.13	-	5,262.92	27.97	-	5,325.65
Parts	-	13,517.16	2,489.50	29.64	-	-	-	16,036.30
Payroll Taxes	12,405.29	8,055.06	7,562.68	2,637.67	11,128.28	2,330.02	1,307.49	45,426.49
Postage	82.44	-	49.12	172.58	530.61	3,221.15	16.56	4,072.46
Premiums	-	-	-	-	-	5,827.33	-	5,827.33
Printing	1,621.50	105.71	-	27.25	665.55	120.66	-	2,540.67
Professional Fees - In-kind	-	-	3,600.00	-	-	-	-	3,600.00
Professional Fees	-	-	-	-	1,011.64	896.21	-	1,907.85
Program Expense	310,872.00	-	-	-	-	-	-	310,872.00
Ready to Learn Program	-	-	-	684.37	-	-	-	684.37
Rent & Leases - In-kind	-	115,200.00	37,500.00	-	-	-	-	152,700.00
Rent & Leases	-	5,000.00	-	-	-	-	-	5,000.00
Repairs & Maintenance - In-kind	11,822.86	11,822.86	97,960.80	11,822.86	11,822.86	11,822.85	11,822.85	168,897.94
Repairs & Maintenance	-	7,824.37	120.00	-	2,394.43	-	-	10,338.80
Salaries	139,538.70	94,641.51	67,254.15	34,300.08	123,941.82	30,799.92	18,173.98	508,650.16
Salaries - Part - Time	17,152.53	6,758.00	25,955.00	229.26	11,631.28	649.60	-	62,375.67
Shipping	479.29	297.79	20.98	129.34	581.48	223.86	14.48	1,747.22
Software Contracts	4,488.00	815.95	3,965.00	-	672.87	7,531.28	726.00	18,199.10
Special Events	-	-	-	26,224.51	1,082.59	3,352.32	3,202.18	33,861.60
Special Events - In-kind	-	-	-	12,730.00	10,191.42	429.77	2,263.87	25,615.06
Supplies	204.41	1,093.27	1,151.67	968.14	4,185.21	480.25	196.42	8,279.37
Tape Stock	9,718.72	-	4,343.94	-	-	-	-	14,062.66
Telephone	-	2,337.68	-	-	5,396.49	-	-	7,734.17
Training	2,293.82	741.26	-	649.50	8,064.32	2,553.88	3,097.59	17,400.37
Travel & Entertainment	-	64.00	490.00	176.02	425.65	211.00	4,518.13	5,884.80
Utilities - In-kind	3,940.95	3,940.95	32,653.60	3,940.95	3,940.95	3,940.96	3,940.95	56,299.31
Utilities	-	49,754.46	-	-	-	-	-	49,754.46
<b>Totals</b>	<b>\$ 554,797.27</b>	<b>\$ 565,509.22</b>	<b>\$ 512,918.30</b>	<b>\$ 101,495.41</b>	<b>\$ 419,381.08</b>	<b>\$ 88,625.96</b>	<b>\$ 55,502.02</b>	<b>\$ 2,298,229.26</b>

The notes to the financial statements are an integral part of this statement.

**WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2009**

Cash Flows from Operating Activities:	
Cash Received from Federal, State, and Local Sources	\$ 1,364,381.59
Cash Paid to Suppliers and Employees	(1,479,141.70)
Cash Received from Interest Income	28,563.63
Net Cash Provided by Operating Activities	<u>\$ (86,196.48)</u>
Cash Flows from Investing Activities:	
Cash Paid for Capital Expenditures	\$ (236,735.39)
Net Cash Received from Investments	(110,007.97)
Net Cash Used by Investing Activities	<u>\$ (346,743.36)</u>
Net Decrease in Cash and Cash Equivalents	\$ (432,939.84)
Cash and Cash Equivalents - Beginning of Year	<u>722,588.53</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 289,648.69</u></u>

Reconciliation of Change in Net Assets to Net Cash  
Provided (Used) by Operating Activities:

Change in Net Assets	\$ (502,920.12)
Depreciation	400,682.00
(Increase) Decrease in Accounts Receivable	(1,041.24)
(Increase) Decrease in Prepaid Expenses	-
Increase (Decrease) in Accounts Payable	1,701.57
Increase (Decrease) in Accrued Payroll	2,172.31
Increase (Decrease) in Unearned Revenue	<u>13,209.00</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (86,196.48)</u></u>

**WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
*June 30, 2009*

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities:

The West Tennessee Public Television Council, Inc. owns and operates the non-profit public television station – WLJT-TV. WLJT's mission is to educate, enrich and enlighten by providing programs and services of quality and value to West Tennessee and the surrounding area.

Basis of Accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Cash Equivalents:

Cash equivalents consist of short-term, highly liquid investments with an original maturity of three months or less.

Contributions:

All contributions are considered to be available for use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted. Contributions of equipment are recorded at their estimated fair value. Such donations are recorded as unrestricted unless the donor has restricted the donated assets to a specific purpose.

Fixed Assets:

Fixed assets acquired by WLJT are considered to be owned by WLJT. However, Federal and State funding sources may maintain equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The Federal Government retains a priority lien, which provides its reversionary interest in the equipment purchase with funds provided by PTFP grant number 47-02-06020. This lien extends for a period of ten years following March 30, 2007.

WLJT follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$2,500.00. Depreciation is computed on a straight-line basis over the useful lives of the assets as follows:

Building and Improvements	20 – 30 years
Furniture and Equipment	5 – 10 years

The net fixed asset balance has been recorded as a separate component in unrestricted net assets.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and supporting services benefited.

**WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
*June 30, 2009*

Revenue Recognition

Unrestricted contributions, pledges, and grants are recognized as revenue in the Statement of Activities upon receipt. Other unrestricted revenues are recognized as earned either upon receipt or accrual. State appropriation support is reported as unrestricted revenue. Expenditures of unrestricted funds are recognized as expenses when expended or upon incurrence of the related liability.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires West Tennessee Public Television Council's management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

WLJT is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code as evidenced by a letter dated August 26, 1985. Accordingly, no provision for income taxes has been made in the following statements.

In-Kind Contributions

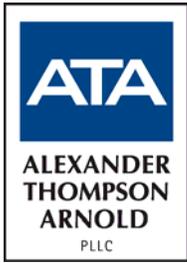
Contributed materials, supplies, facilities, and property are recorded at their estimated fair value at the date of donation. WLJT reports gifts of equipment, professional services, materials and other nonmonetary contributions as unrestricted revenue in the accompanying statement of activities. If the fair value of the contributed materials, supplies, facilities, and property cannot be reasonably determined, they are not recorded.

**NOTE 2 – INVESTMENTS – (CERTIFICATES OF DEPOSIT)**

As of June 30, 2009, WLJT holds various certificates of deposit as noted below:

Compass Bank	\$ 100,000.00
First Bank and Trust	98,007.97
Cashmere Valley Bank	100,000.00
First State Bank of Blakely	99,000.00
Columbus Bank & Trust	97,000.00
Bank of America	98,000.00
Bank of Whitman	99,000.00
Parkway Bank & Trust	99,000.00
Total	<u>\$ 790,007.97</u>

All of the above investments are being held at Edward Jones and all are FDIC insured.



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Tennessee Society of Certified Public Accountants  
Center for Public Company Audit Firms  
Employee Benefit Plan Audit Quality Center – AICPA

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
West Tennessee Public Television Council, Inc.  
Martin, Tennessee 38237

We have audited the financial statements of West Tennessee Public Television Council, Inc., as of and for the year ended June 30, 2009, and have issued our report thereon dated October 5, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered West Tennessee Public Television Council, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Tennessee Public Television Council's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of West Tennessee Public Television Council's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether West Tennessee Public Television Council, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

Dyersburg, TN  
Fulton, KY  
Henderson, TN  
Jackson, TN  
Martin, TN

Milan, TN  
McKenzie, TN  
Paris, TN  
Trenton, TN  
Union City, TN

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors, management, and federal awarding and pass-thru agencies and is not intended to be and should not be used by anyone other than these specified parties.

***Alexander Thompson Arnold PLLC***

Martin, Tennessee

October 5, 2009

**WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
*For the year ended June 30, 2009*

<u>Grantor Agency/ Pass-through Entity/ Program Name</u>	<u>CFDA #</u>	<u>Grant Number</u>	<u>Balance July 1, 2008</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance June 30, 2009</u>
No Federal Grant monies received this year.						
			<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE:** *The accompanying schedule is prepared on the accrual basis of accounting.*

**WEST TENNESSEE PUBLIC TELEVISION COUNCIL, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the Year Ended June 30, 2009*

NONE