

WJCT, INC. AND AFFILIATES
CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

WJCT, INC. AND AFFILIATES
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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees,
WJCT, Inc. and Affiliates:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of WJCT, Inc. and Affiliates (the “Station”), which comprise the consolidated statements of financial position as of September 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Station and its affiliates as of September 30, 2022 and 2021, and the changes in their net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of WJCT, Inc. and Affiliates 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 audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about WJCT, Inc. and Affiliates’ ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated 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 consolidated 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 consolidated 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 WJCT, Inc. and Affiliates' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about WJCT, Inc. and Affiliates' 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.

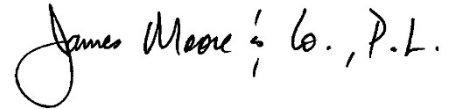
Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information (Exhibits I through V) is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

The nature of the expenses relating to the City of Jacksonville Cultural Services Grant (Exhibit III) is in compliance with Section 118 of the City of Jacksonville Ordinances.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2023, on our consideration of the Station's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and 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* in considering the Station's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Moore & Co., P.L.". The signature is written in a cursive style with a large, looping initial "J".

Gainesville, Florida
January 16, 2023

WJCT, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2022 AND 2021

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Current assets		
Cash and cash equivalents	\$ 2,672,575	\$ 3,732,761
Accounts receivable, net	348,299	344,048
Grants receivable	447,501	108,080
Prepaid expenses	38,313	1,153,373
Other current assets	23,750	23,750
Total current assets	3,530,438	5,362,012
Noncurrent assets		
Property and equipment, net	6,270,303	6,607,174
Investments - equity and fixed income	3,416,028	-
Investments - charitable gift annuity	138,631	183,560
Beneficial interest in perpetual trust	138,151	183,998
Investment in partnership	(2,004)	(1,795)
Total noncurrent assets	9,961,109	6,972,937
Total Assets	\$ 13,491,547	\$ 12,334,949
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Current portion of capital lease	\$ 43,133	\$ 38,987
Accounts payable and accrued expenses	228,966	191,841
Accrued salaries and wages	322,644	282,979
Deferred support and revenue	340,542	344,964
Current portion of gift annuity liability	10,600	10,600
Total current liabilities	945,885	869,371
Long-term liabilities		
Capital lease, less current portion	60,277	90,312
Long-term portion of gift annuity liability	96,744	96,744
Total long-term liabilities	157,021	187,056
Total liabilities	1,102,906	1,056,427
Net assets		
Without donor restrictions	11,254,170	10,958,833
With donor restrictions	1,134,471	319,689
Total net assets	12,388,641	11,278,522
Total Liabilities and Net Assets	\$ 13,491,547	\$ 12,334,949

The accompanying notes to consolidated financial statements
are an integral part of these statements.

WJCT, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue						
Grants	\$ 2,413,177	\$ 1,015,233	\$ 3,428,410	\$ 2,844,550	\$ 219,689	\$ 3,064,239
Membership income	2,821,360	-	2,821,360	2,485,909	-	2,485,909
In-kind contributions	819,397	-	819,397	1,022,898	-	1,022,898
Underwriting	2,054,628	-	2,054,628	1,735,580	-	1,735,580
Change in value of beneficial interest in perpetual trust	(46,463)	-	(46,463)	24,890	-	24,890
Change in value of charitable gift annuity	(44,929)	-	(44,929)	4,933	-	4,933
Investment return, net	(66,719)	-	(66,719)	(293)	-	(293)
Master control service	1,486,481	-	1,486,481	1,445,051	-	1,445,051
Rental income	394,934	-	394,934	382,665	-	382,665
Other	401,877	-	401,877	1,298,937	-	1,298,937
Net assets released from restrictions: Restricted funds expended	200,451	(200,451)	-	-	-	-
Total support and revenue	<u>10,434,194</u>	<u>814,782</u>	<u>11,248,976</u>	<u>11,245,120</u>	<u>219,689</u>	<u>11,464,809</u>
Expenses						
Program services						
Programming and production	3,980,335	-	3,980,335	3,450,667	-	3,450,667
Broadcasting	2,938,288	-	2,938,288	3,143,109	-	3,143,109
Program information and promotion	132,307	-	132,307	129,246	-	129,246
Total program services	<u>7,050,930</u>	<u>-</u>	<u>7,050,930</u>	<u>6,723,022</u>	<u>-</u>	<u>6,723,022</u>
Supporting Services						
Fundraising and membership development	1,011,135	-	1,011,135	981,036	-	981,036
Underwriting and grant solicitation	1,108,882	-	1,108,882	1,024,294	-	1,024,294
Management and general	967,910	-	967,910	841,862	-	841,862
Total supporting services	<u>3,087,927</u>	<u>-</u>	<u>3,087,927</u>	<u>2,847,192</u>	<u>-</u>	<u>2,847,192</u>
Total expenses	<u>10,138,857</u>	<u>-</u>	<u>10,138,857</u>	<u>9,570,214</u>	<u>-</u>	<u>9,570,214</u>
Change in net assets	<u>295,337</u>	<u>814,782</u>	<u>1,110,119</u>	<u>1,674,906</u>	<u>219,689</u>	<u>1,894,595</u>
Net assets, beginning of year	10,958,833	319,689	11,278,522	9,283,927	100,000	9,383,927
Net assets, end of year	<u>\$ 11,254,170</u>	<u>\$ 1,134,471</u>	<u>\$ 12,388,641</u>	<u>\$ 10,958,833</u>	<u>\$ 319,689</u>	<u>\$ 11,278,522</u>

The accompanying notes to consolidated financial statements
are an integral part of these statements.

WJCT, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Program Services</u>				<u>Supporting Services</u>				<u>Total Expenses 2022</u>
	<u>Programming and Production</u>	<u>Broadcasting</u>	<u>Program Information and Promotion</u>	<u>Total</u>	<u>Fundraising and Membership Development</u>	<u>Underwriting and Grant Solicitation</u>	<u>Management and General</u>	<u>Total</u>	
Salaries, wages and benefits	\$ 1,301,876	\$ 1,690,058	\$ 94,792	\$ 3,086,726	\$ 605,589	\$ 668,800	\$ 450,400	\$ 1,724,789	\$ 4,811,515
Occupancy	1,695	3,957	-	5,652	7,845	-	-	7,845	13,497
Programming costs	1,340,573	-	-	1,340,573	-	-	33,206	33,206	1,373,779
Repairs and maintenance	15,920	168,585	228	184,733	104,021	-	3,305	107,326	292,059
Travel and meetings	9,321	1,470	-	10,791	1,708	839	10,000	12,547	23,338
Advertising	4,393	-	31,058	35,451	-	-	411	411	35,862
Printing	14,177	2,210	-	16,387	27,783	7,067	6,823	41,673	58,060
Professional services	275,528	302,613	6,000	584,141	10,753	31,691	195,080	237,524	821,665
Supplies	48,715	27,976	-	76,691	6,905	7,964	7,091	21,960	98,651
Postage	6,483	2,816	-	9,299	12,562	36	17,956	30,554	39,853
Depreciation	111,206	450,574	-	561,780	-	-	-	-	561,780
Interest	6	403	-	409	4	-	4,145	4,149	4,558
Bad debts	-	-	-	-	1,750	-	-	1,750	1,750
In-kind and trade	804,997	14,400	-	819,397	-	381,962	-	381,962	1,201,359
Membership maintenance	-	-	-	-	223,347	-	-	223,347	223,347
Utilities	2,515	238,216	-	240,731	80	1,200	19,953	21,233	261,964
Insurance	-	-	-	-	-	-	197,015	197,015	197,015
Other	42,930	35,010	229	78,169	8,788	9,323	22,525	40,636	118,805
	<u>\$ 3,980,335</u>	<u>\$ 2,938,288</u>	<u>\$ 132,307</u>	<u>\$ 7,050,930</u>	<u>\$ 1,011,135</u>	<u>\$ 1,108,882</u>	<u>\$ 967,910</u>	<u>\$ 3,087,927</u>	<u>\$ 10,138,857</u>

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

WJCT, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Program Services</u>				<u>Supporting Services</u>				<u>Total Expenses 2021</u>
	<u>Programming and Production</u>	<u>Broadcasting</u>	<u>Program Information and Promotion</u>	<u>Total</u>	<u>Fundraising and Membership Development</u>	<u>Underwriting and Grant Solicitation</u>	<u>Management and General</u>	<u>Total</u>	
Salaries, wages and benefits	\$ 826,915	\$ 1,621,576	\$ 91,608	\$ 2,540,099	\$ 535,548	\$ 530,908	\$ 577,035	\$ 1,643,491	\$ 4,183,590
Occupancy	-	5,463	-	5,463	5,774	-	-	5,774	11,237
Programming costs	1,336,324	-	-	1,336,324	-	-	-	-	1,336,324
Repairs and maintenance	2,924	148,245	42	151,211	99,097	-	267	99,364	250,575
Travel and meetings	93	3,692	-	3,785	1,467	-	2,318	3,785	7,570
Advertising	900	-	13,595	14,495	104	-	1,000	1,104	15,599
Printing	3,063	518	3,521	7,102	42,461	621	1,269	44,351	51,453
Professional services	136,172	307,626	11,352	455,150	2,124	37,614	207,760	247,498	702,648
Supplies	5,107	25,636	-	30,743	11,334	9,084	4,071	24,489	55,232
Postage	106	1,739	-	1,845	17,669	6,733	995	25,397	27,242
Depreciation	109,624	578,607	-	688,231	19,448	-	19,448	38,896	727,127
Interest	1,626	872	-	2,498	1,016	-	1,062	2,078	4,576
Bad debts	-	-	-	-	2,209	106,069	-	108,278	108,278
In-kind and trade	991,695	14,573	-	1,006,268	-	322,278	16,629	338,907	1,345,175
Membership maintenance	-	-	-	-	237,628	-	-	237,628	237,628
Utilities	4,652	200,269	-	204,921	3,511	840	1,485	5,836	210,757
Insurance	9,128	164,298	9,128	182,554	-	-	-	-	182,554
Other	22,338	69,995	-	92,333	1,646	10,147	8,523	20,316	112,649
	<u>\$ 3,450,667</u>	<u>\$ 3,143,109</u>	<u>\$ 129,246</u>	<u>\$ 6,723,022</u>	<u>\$ 981,036</u>	<u>\$ 1,024,294</u>	<u>\$ 841,862</u>	<u>\$ 2,847,192</u>	<u>\$ 9,570,214</u>

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

WJCT, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
Cash flows from operating activities		
Cash received from grants, donors and fundraising activities	\$ 10,261,538	\$ 9,597,731
Cash paid to suppliers and employees	(7,532,946)	(9,140,541)
Cash paid for interest	(4,558)	(4,576)
Net cash provided by operating activities	2,724,034	452,614
Cash flows from investing activities		
Purchases of property and equipment	(244,609)	(210,697)
Purchases of investments	(6,560,058)	-
Proceeds from sale of investments	3,062,162	-
Net cash used in investing activities	(3,742,505)	(210,697)
Cash flows from financing activities		
Principal payments on capital leases	(41,715)	(111,720)
Net cash used in financing activities	(41,715)	(111,720)
Change in cash and cash equivalents	(1,060,186)	130,197
Cash and cash equivalents, beginning of year	3,732,761	3,602,564
Cash and cash equivalents, end of year	\$ 2,672,575	\$ 3,732,761
Disclosure of noncash investing and financing activities:		
Property and equipment acquired under capital lease obligations	\$ 15,826	\$ 165,931

The accompanying notes to consolidated financial statements
are an integral part of these statements.

WJCT, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

(1) **Summary of Significant Accounting Policies:**

(a) **Organization and operation**—WJCT, Inc. and Affiliates (the “Station”) operate a public service television (“WJCT-TV”) and radio station (“WJCT-FM”) located in Jacksonville, Florida. The accompanying consolidated financial statements include the accounts of WJCT, Inc. (“WJCT”) and its financially interrelated affiliates, WJCT Foundation, Inc. (the “Foundation”) and JCT Services, LLC (“JCT Services”), which are under common control and have a common economic interest. The Station is funded mainly by federal and state grants, community fundraising and underwriting contributions.

WJCT was established in 1958 to engage in broadcast operations as well as certain non-broadcast activities which enhance the educational, cultural, recreational and economic opportunities in the viewing area.

The Foundation was incorporated in 2000 to assume capital campaign and fundraising functions for WJCT. During the year ended September 30, 2015, the Foundation accounts were emptied and held in reserve for future investment use when funds are available. During the year ended September 30, 2022, the Foundation was dissolved.

JCT Services, LLC was formed as a limited liability corporation in May 2012 to service programming distribution for the Digital Convergence Alliance (DCA) (see Note 13). JCT Services, LLC is wholly owned by the Station.

Transactions and balances between WJCT, the Foundation and JCT Services have been eliminated in consolidation.

(b) **Basis of accounting**—The accounts of the Station are maintained in conformity with the principles of accounting of not-for-profit accounting and have been prepared on the accrual basis.

(c) **Basis of presentation**—The Station reports net assets based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Station and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature, such as those that will be met either by actions of the Station and/or passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by laws. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

At September 30, 2022 and 2021, net assets with donor restrictions include grant funds from various entities which are restricted to spending on specific WJCT initiatives and projects.

WJCT, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

(1) **Summary of Significant Accounting Policies:** (Continued)

(d) **Cash and cash equivalents**—For purposes of reporting cash flows, cash and cash equivalents include only investments with original maturities of three months or less.

(e) **Investments**—Investments are carried at fair value, and realized and unrealized gains and losses are reflected in the accompanying statements of activities. See Note 2 for further information on fair value reporting.

(f) **Accounts receivable**—Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. There was no allowance for doubtful accounts at September 30, 2022 or September 30, 2021.

(g) **Split interest agreements**—The Station accepts gifts subject to split interest agreements, in the form of annuities and charitable trusts. At the time of receipt, a gift is recorded based upon the fair value of assets donated less any applicable liabilities. Liabilities include the present value of projected future distributions to the annuitant and are determined using the Internal Revenue Service rate for computing charitable deductions for such gifts in effect at the time of the gift. Funds subject to split interest agreements are classified as with or without donor restrictions based upon donor designations.

(h) **Property and equipment**—Property and equipment purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives of the assets which range from ten to forty years for buildings and improvements and three to forty years for equipment.

(i) **Revenue recognition**—The Station recognizes support and revenue from a variety of sources, including but not limited to the following:

Underwriting revenues are contributions to the Station to support its programming or activities in the form of underwriting credit. Nothing of commensurate value is exchanged for underwriting credit, and the Station provides refunds for any underwriting revenues collected if the spots are not aired. Therefore, underwriting revenues contain a barrier to overcome and a right of return or a right of release of the obligation, and are recognized as revenue when the related underwriting credits are aired.

Grants for specific projects and activities are recognized as revenue when awarded and all conditions have been met. Revenue on cost-reimbursable grants that require a right of return or right of release of the obligation for any unspent funds is recognized to the extent of costs incurred.

WJCT, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

(1) **Summary of Significant Accounting Policies:** (Continued)

Contributions, including subscriptions and membership revenues, are recognized when cash, securities or other assets; an unconditional promise to give or bequest; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Contributions, pledges and grants are considered to be available for unrestricted 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 net assets with donor restrictions support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the amount is received, the entity reports the support as net assets without donor restrictions. Expenditures of funds without donor restrictions are recognized as expenses when expended or upon incurrence of the related liability.

(j) **In-kind contributions**—Contributed materials, supplies, facilities, and property are recorded at their estimated fair value at the date of donation. The Station reports gifts of equipment, professional services, materials and other nonmonetary contributions as support in the accompanying consolidated statements of activities.

If the fair value of contributed materials, supplies, facilities, and property cannot be reasonably determined they are not recorded. Donated personal services of nonprofessional volunteers, as well as national and local programming services, are not recorded as revenue and expense as there is no objective basis available to measure the value of such services.

Contributed advertising and promotion are recorded at the fair value of the contribution portion of the total value received.

(k) **Pledges and contributions**—The Station engages in periodic fundraising campaigns manifested by offering special programs and on-air and mail fundraising appeals. These appeals encourage supporters, both individuals and organizations, to provide financial contributions to the Station for enhancement of program offerings and other operating expenses. Financial contributions are frequently evidenced by pledges received from responding viewers and listeners. Contributions are recognized as revenues in the period unconditional promises to give are received. Conditional promises to give are not recognized until they become unconditional (i.e., when the conditions are substantially met). Contributions to be received after one year are discounted using an appropriate discount rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on such contributions. An allowance for doubtful accounts is provided based upon management's judgment, including such factors as prior collection history, type of contributions and general conditions. Contributions and collected pledges are components of the without donor restrictions operating fund inasmuch as their usage is not limited to specific activities of the Station. This usage is consistent with appeals for contributions and pledges.

(l) **Corporation for Public Broadcasting Community Service Grants**—The Corporation for Public Broadcasting (CPB) is a private, nonprofit grant making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public broadcasting entities. CSGs are used to augment the financial resources of public broadcasting entities and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal

WJCT, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

(1) **Summary of Significant Accounting Policies:** (Continued)

years as described in the Communications Act, 47 United States Code Annotated, Section 396(k)(7). In any event, each grant must be expended within two years of the initial grant authorization.

According to the Communications Act, funds may be used at the discretion of recipients for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain activities begun with CSGs awarded in prior years. Certain *General Provisions* must be satisfied in connection with application for and use of the grants to maintain eligibility and meet compliance requirements. These *General Provisions* pertain to the use of grant funds, record keeping, audits, financial reporting, mailing lists, and licensee status with the Federal Communications Commission.

The CSGs are reported on the accompanying consolidated financial statements as increases in net assets without donor restrictions, provided they are spent in the same fiscal year they are received.

(m) **Income taxes**—WJCT and the Foundation are generally exempt from income taxes under 501(c)(3) and JCT Services is an LLC, wholly owned by WJCT and considered a disregarded entity for income tax purposes. All activity of JCT Services is included on the tax return of WJCT. The activities of the Station which cause imposition of the unrelated business income tax provision have historically not resulted in significant income tax amounts. Based on the available objective evidence, including the Station's history of losses, management believes it is more likely than not that any deferred tax assets will not be realizable. Accordingly, the Station provided for a full valuation allowance against its deferred tax assets at September 30, 2022 and 2021, and the net deferred tax assets at September 30, 2022 and 2021, were zero and were not recorded in the financial statements.

The Station files income tax returns in the U.S. Federal jurisdiction. The Station's income tax returns for the past three years are subject to examination by tax authorities and may change upon examination. The Station has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the consolidated financial statements of the Station.

(n) **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 functional expenses. Accordingly, certain costs have been allocated among program and supporting services benefited based on total personnel costs or other systematic bases.

(o) **Use of estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, results could differ from those estimates.

(p) **Advertising costs**—Advertising costs are expensed in the period in which they are incurred. Advertising expense for the years ended September 30, 2022 and 2021, was \$35,862 and \$15,599, respectively.

WJCT, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

(1) **Summary of Significant Accounting Policies:** (Continued)

(q) **Subsequent events**—The Station has evaluated events and transactions for potential recognition or disclosure in the financial statements through January 16, 2023, the date the financial statements were available to be issued, and determined that no significant events occurred during that time period that impacted or required disclosure in the financial statements.

(r) **Reclassifications**—Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. These reclassifications had no effect on total net assets

(s) **Recently issued accounting pronouncements**—The Financial Accounting Standards Board (FASB) issued new or modifications to, or interpretations of, existing accounting guidance during the year ended September 30, 2022. The Station has considered the new pronouncements that altered accounting principles generally accepted in the United States of America, and other than as disclosed in the notes to the financial statements below, does not believe that any other new or modified principles will have a material impact on the Station’s reported financial position or operations in the near term.

In September 2020, the FASB issued Accounting Standards Update 2020-07: *Not-for-Profit Entities* (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, to increase the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. The Station adopted ASU 2020-07 for fiscal year 2022. There were no material impacts to the financial statements as a result of implementing this new standard.

In February 2016, the FASB issued Accounting Standards Update 2016-02: *Leases* (Topic 842), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the consolidated statement of financial position and disclosing key information about leasing arrangements. In November 2019, the FASB issued Accounting Standards Update 2019-10, which deferred the effective date for ASU 2016-02 to fiscal years beginning after December 15, 2021. The standard may be adopted early. The Station is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

(2) **Investments and Fair Value Measurements:**

The Station invests in various securities primarily based on its investment policy and liquidity needs. The following is a summary of investment funds at June 30, 2022 and 2021:

<u>Year</u>	<u>Cost</u>	<u>Fair Value</u>
2022	<u>\$ 3,801,186</u>	<u>\$ 3,690,806</u>
2021	<u>\$ 314,969</u>	<u>\$ 365,763</u>

WJCT, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

(2) **Investments and Fair Value Measurements:** (Continued)

Net investment return on the statements of activities is comprised of the following for the years ended June 30, 2022 and 2021:

	2022	2021
Interest	\$ 23,214	\$ 1,502
Realized gains/(losses), net	407	(1,795)
Unrealized gains/(losses), net	(90,340)	-
Investment return, net	\$ (66,719)	\$ (293)

The fair value measurement accounting literature provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GAAP are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Station has the ability to access.

Level 2 – Inputs to the valuation methodology include: (1) quoted market prices for similar assets or liabilities in active markets, (2) quoted prices for identical or similar assets or liabilities in inactive markets, (3) inputs other than quoted prices that are observable for the asset or liability, and (4) inputs that are derived principally from or corroborated by observable market data by correlation of other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes to the methodologies used at September 30, 2022 and 2021.

Beneficial interest in a perpetual trust – Valued at the Station's share of the underlying assets held by the trust.

Gift annuity liability – Valued by the income approach, in the form of present value techniques using interest rates, yield curves, and life expectancy tables.

Charitable Gift Annuity – Valued based on market values for identical investments or liabilities in active markets.

Equity securities – Valued at quoted market prices.

Fixed income – Valued at quoted market prices, when available. When quoted market prices are not available, valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yield currently available on comparable securities of issuers with similar credit ratings.

WJCT, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

(2) **Investments and Fair Value Measurements:** (Continued)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Station believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table summarizes the assets and liabilities of the Station for which fair values are determined on a recurring basis as of September 30, 2022 and 2021:

	Assets and Liabilities at Fair Value as of September 30, 2022			
	Level 1	Level 2	Level 3	Total
Assets at fair value				
Charitable gift annuity (Note 4)	\$ 138,631	\$ -	\$ -	\$ 138,631
Beneficial interest in a perpetual trust (Note 3)	-	138,151	-	138,151
Mutual funds	1,312,370	-	-	1,312,370
Equity securities	650,233	-	-	650,233
Fixed income	-	1,453,425	-	1,453,425
Investment in partnership	-	-	(2,004)	(2,004)
Total	<u>\$ 2,101,234</u>	<u>\$ 1,591,576</u>	<u>\$ (2,004)</u>	<u>\$ 3,690,806</u>
Liabilities at fair value				
Charitable gift annuity (Note 4)	<u>\$ -</u>	<u>\$ 107,344</u>	<u>\$ -</u>	<u>\$ 107,344</u>
	Assets and Liabilities at Fair Value as of September 30, 2021			
	Level 1	Level 2	Level 3	Total
Assets at fair value				
Charitable gift annuity (Note 4)	\$ 183,560	\$ -	\$ -	\$ 183,560
Beneficial interest in a perpetual trust (Note 3)	-	183,998	-	183,998
Equity securities	-	-	-	-
Fixed income	-	-	-	-
Investment in partnership	-	-	(1,795)	(1,795)
Total	<u>\$ 183,560</u>	<u>\$ 183,998</u>	<u>\$ (1,795)</u>	<u>\$ 365,763</u>
Liabilities at fair value				
Charitable gift annuity (Note 4)	<u>\$ -</u>	<u>\$ 107,344</u>	<u>\$ -</u>	<u>\$ 107,344</u>

The amounts shown in money market accounts are held in cash accounts with financial services companies and are considered to be a part of total investments, as they will be used for investment purposes in the near future. The amounts have been included in the table above to reconcile with the statements of financial position.

WJCT, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

(3) **Beneficial Interest in a Perpetual Trust:**

The beneficial interest in a perpetual trust represents the Station's 10% beneficial interest in a charitable trust established with a bank by a donor in 2007. The Station recognized a contribution based on its pro-rata share of the fair market value of the underlying assets in the trust which consist of cash, equity, fixed income, real estate, and tangible assets. The beneficial interest is included as part of net assets without donor restrictions as income is available to the Station for its unrestricted use. The beneficial interest at September 30, 2022 and 2021, is valued based on the fair market value of the Station's share of the underlying assets held by the trust.

(4) **Charitable Gift Annuity:**

During fiscal year ended September 30, 2016, the Station entered into charitable gift annuity agreements with donors. Under terms of these agreements, the beneficiaries are to receive quarterly distributions in the amount of \$2,650 for the life of the donors. The present value of the annuity payment liabilities at September 30, 2022 and 2021, have been calculated based on the respective payouts and discount rates as determined by the trust documents. This amount is reflected on the accompanying consolidated statements of financial position as a gift annuity liability. Upon the death of the donors, any funds remaining will be utilized in accordance with the wishes of the donors.

(5) **Property and Equipment:**

A summary of property and equipment at September 30, 2022 and 2021, is as follows:

	<u>2022</u>	<u>2021</u>
Land	\$ 87,760	\$ 87,760
Buildings and improvements	13,793,744	14,726,557
Broadcast and other equipment	6,364,373	7,451,894
Total property and equipment	20,245,877	22,266,211
Less: Accumulated depreciation	14,042,136	15,659,037
Construction in process	66,562	-
Property and equipment, net	<u>\$ 6,270,303</u>	<u>\$ 6,607,174</u>

For the years ended September 30, 2022 and 2021, depreciation expense for property and equipment was \$561,781 and \$727,127, respectively. Depreciation expense related to assets leased under capital leases was \$42,117 and \$42,201 for the years ended September 30, 2022 and 2021, respectively.

WJCT, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

(6) Festival Park Premises:

The land on which WJCT’s public broadcasting facility is located is leased from the City of Jacksonville, Florida (the City) for one dollar per year for a ninety-nine-year term which began March 3, 1977. Discontinuance of the use intended under the agreement or the failure of WJCT to remain a non-profit corporation providing educational and cultural opportunities for the citizens of the City would constitute a forfeiture of WJCT’s interest in these premises. Upon termination of the lease, all structures become the property of the City.

Lease expense is recorded as in-kind contributions and expense at the estimated fair value of \$75,737 per year.

Additionally, that proportion of the Festival Park public broadcasting facility constructed by the State of Florida (the “State”) is leased from the State for a forty-year term from the date of execution (December 20, 1977). Payments under this lease amount to one dollar per year. The terms of agreement between WJCT and the State provide that WJCT will have exclusive use of the building for forty years provided it does not cease operating as an educational and/or public broadcasting system. At the end of the initial forty-year period the State can: 1) renew the lease for an additional 20 years (at the end of this period the building would belong to WJCT) for one dollar per year; 2) demolish the building; or 3) abandon the building to WJCT. In 2019 the lease term was renewed for an additional 20 years.

The total lease space occupied by the Station is recorded as in-kind contributions and expense at the estimated fair value of \$533,214 and \$720,603 for the years ended September 30, 2022 and 2021, respectively.

The building is included in property and equipment in the accompanying consolidated statements of financial position at the State’s cost to construct and renovate the facilities in the amount of \$8,429,336 at September 30, 2022 and 2021. Depreciation expense related to the facility was \$116,467 for the years ended September 30, 2022 and 2021. Accumulated depreciation was \$6,569,425 and \$6,452,958 at September 30, 2022 and 2021, respectively.

(7) Line of Credit:

During the fiscal year ended September 30, 2020, the Station renewed a line of credit with a commercial bank with a revolving credit limit of \$160,000 at an interest rate of 4.75%. There was no outstanding balance on this line of credit at September 30, 2022 or 2021.

(8) Capital Leases:

The Station leases equipment under capital leases. As of September 30, 2022 and September 30, 2021, there were three capital lease agreements in place.

The Station held assets recorded under capital leases with carrying values as follows:

	2022	2021
Equipment	\$ 184,631	\$ 294,978
Less: Accumulated depreciation	93,651	177,707
Net book value	\$ 90,980	\$ 117,271

WJCT, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

(8) **Capital Leases:** (Continued)

Capital lease obligations consist of the following as of September 30, 2022 and 2021:

	2022	2021
Equipment lease with monthly payments of \$297, including interest of 3.67%, due September 7, 2022. Lease collateralized by the leased equipment.	\$ -	\$ 1,177
Equipment lease with monthly payments of \$3,823, including interest of 3.67%, due December 31, 2024. Lease collateralized by the leased equipment.	90,302	128,122
Equipment lease with monthly payments of \$355, including interest of 3.67%, due December 31, 2026. Lease collateralized by the leased equipment.	13,108	-
	103,410	129,299
Total capital leases		
Less: Current portion	43,133	38,987
Long-term portion of capital leases	\$ 60,277	\$ 90,312

The following is a schedule by years of future minimum payments required under the leases as of September 30, 2022:

Years Ending September 30:	Amount
2023	\$ 46,140
2024	46,140
2025	14,730
2026	1,065
Total future minimum payments	108,075
Less: Amounts representing interest	4,665
Total future principal payment	\$ 103,410

(9) **Significant Concentrations:**

Information related to significant concentrations of revenues and credit risk for financial instruments owned by the Station, except as otherwise disclosed, is as follows:

(a) **Cash and cash equivalents**—The Station maintains demand deposit and money market account balances which at times may exceed federally insured limits. The Station has not experienced any losses in such accounts. The Station had \$2,149,942 and 3,184,126 in uninsured cash balances as of September 30, 2022 and 2021, respectively

(b) **Accounts receivable**—The Station has no policy requiring collateral or other security to support accounts receivable.

(c) **Revenues**—The Station received significant revenue from two sources. During the years ended September 30, 2022 and 2021, the Digital Convergence Alliance provided approximately 13% and the CPB provided approximately 10% and 15%, respectively.

WJCT, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

(10) Community Service Grants (CSG):

The Station receives a CSG from the CPB annually. The CSGs received and expended during the most recent fiscal years were as follows:

<u>Years of Grant</u>	<u>Grants Received</u>	<u>Expended 2019-20</u>	<u>Expended 2020-21</u>	<u>Expended 2021-22</u>	<u>Uncommitted Balance at September 30, 2022</u>
2021-23	\$ 1,074,630	\$ -	\$ -	\$ 1,074,630	\$ -
2020-22	1,694,892	-	1,694,892	-	-
2019-21	907,052	907,052	-	-	-

(11) Contributed Nonfinancial Assets:

In-kind contributions included in the statement of activities for the years ended September 30, 2022 and 2021, are comprised of the following:

	<u>2022</u>	<u>2021</u>
Services	\$ 42,446	\$ 58,558
Land	75,737	75,737
Tower	168,000	168,000
Building	533,214	720,603
Total	<u>\$ 819,397</u>	<u>\$ 1,022,898</u>

Services recognized comprise professional services and are valued using current rates of the professional firms and telecommunications companies.

Land, tower and building values are based on estimated current market rental rates for similar facilities. See Note 12 for additional information on tower rental and Note 6 for land and building facilities.

In-kind contributions are not restricted. The Station does not sell in-kind contributions and uses the contributed in-kind items in programming and production, broadcasting, and management and general activities.

(12) Lease Rental Income:

The Station leases building space to tenants in addition to broadcast channels and transmitter tower space to unrelated third parties. Lease rental income totaled \$394,934 and \$382,665 for the years ended September 30, 2022 and 2021, respectively.

The Station negotiated an agreement with an unrelated third party to take over the old tower. The third party built a new tower with expanded capacity and in return, the Station receives broadcasting space on the new tower for a lease term of 30 years at no charge. The Station recognized \$168,000 as in-kind contributions related to this transaction for the years ended September 30, 2022 and 2021.

WJCT, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

(13) Retirement Plan:

The Station sponsors a Retirement and Thrift Plan allowed by Section 403(b) of the Internal Revenue Code covering all full-time employees with one year of service. The Station has the discretion to increase or decrease matching contribution percentages each year, up to 5% of employee salaries. During the years ended September 30, 2022 and 2021, the Station provided \$40,972 and \$30,030 in matching contributions, respectively.

(14) Consolidated Master Control Arrangement:

The Digital Convergence Alliance (DCA) is a membership organization comprised of multiple public broadcasting stations. WJCT became a member of the DCA March 1, 2013, when they entered into a service provider agreement. Under this agreement, WJCT pays annual membership fees to the DCA for the provision of master control services in the amount of \$297,252, less any adjustments for new members added. During each of the years ended September 30, 2022 and 2021, WJCT paid \$154,600 to the DCA for the provision of master control services.

JCT Services provides operational, management, engineering, and maintenance services for the DCA in exchange for an annual service fee of \$1,486,841, plus adjustments for any new members added. The annual service fees from the DCA are included in master control service revenue on the accompanying consolidated statements of activities.

(15) Liquidity and Availability:

Financial assets available for general expenditure, that is, without donor restrictions, or internal board designations limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 2,672,575	\$ 3,732,761
Accounts and grants receivable	795,800	451,976
Less those unavailable for general expenditures within one year, due to:		
Donor imposed restrictions	1,134,471	319,689
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,333,904</u>	<u>\$ 3,865,048</u>

SUPPLEMENTAL INFORMATION

WJCT, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2022

ASSETS

	WJCT, Inc.	WJCT Foundation, Inc.	JCT Services, LLC	Consolidating Entries	Consolidated
Current assets					
Cash and cash equivalents	\$ 2,670,560	\$ -	\$ 2,015	\$ -	\$ 2,672,575
Accounts receivable, net	340,410	-	7,889	-	348,299
Grants receivable	447,501	-	-	-	447,501
Due from related entities	601,375	-	-	(601,375)	-
Prepaid expenses	38,313	-	-	-	38,313
Other current assets	23,750	-	-	-	23,750
Total current assets	<u>4,121,909</u>	<u>-</u>	<u>9,904</u>	<u>(601,375)</u>	<u>3,530,438</u>
Noncurrent assets					
Property and equipment, net	6,256,949	-	13,354	-	6,270,303
Investments - equity and fixed income	3,416,028	-	-	-	3,416,028
Investments - charitable gift annuity	138,631	-	-	-	138,631
Beneficial interest in perpetual trust	138,151	-	-	-	138,151
Investment in partnership	(2,004)	-	-	-	(2,004)
Total noncurrent assets	<u>9,947,755</u>	<u>-</u>	<u>13,354</u>	<u>-</u>	<u>9,961,109</u>
Total Assets	<u>\$ 14,069,664</u>	<u>\$ -</u>	<u>\$ 23,258</u>	<u>\$ (601,375)</u>	<u>\$ 13,491,547</u>
LIABILITIES AND NET ASSETS					
Current liabilities					
Current portion of capital lease	\$ 39,211	\$ -	\$ 3,922	\$ -	\$ 43,133
Accounts payable and accrued expenses	223,210	-	5,756	-	228,966
Due to related entities	-	-	601,375	(601,375)	-
Accrued salaries and wages	232,027	-	90,617	-	322,644
Deferred support and revenue	340,542	-	-	-	340,542
Current portion of gift annuity liability	10,600	-	-	-	10,600
Total current liabilities	<u>845,590</u>	<u>-</u>	<u>701,670</u>	<u>(601,375)</u>	<u>945,885</u>
Long-term liabilities					
Long-term portion of capital lease	51,091	-	9,186	-	60,277
Long-term portion of gift annuity liability	96,744	-	-	-	96,744
Total long-term liabilities	<u>147,835</u>	<u>-</u>	<u>9,186</u>	<u>-</u>	<u>157,021</u>
Total liabilities	<u>993,425</u>	<u>-</u>	<u>710,856</u>	<u>(601,375)</u>	<u>1,102,906</u>
Net assets					
Without donor restrictions	11,941,768	-	(687,598)	-	11,254,170
With donor restrictions	1,134,471	-	-	-	1,134,471
Total net assets	<u>13,076,239</u>	<u>-</u>	<u>(687,598)</u>	<u>-</u>	<u>12,388,641</u>
Total Liabilities and Net Assets	<u>\$ 14,069,664</u>	<u>\$ -</u>	<u>\$ 23,258</u>	<u>\$ (601,375)</u>	<u>\$ 13,491,547</u>

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

WJCT, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>WJCT, Inc.</u>	<u>WJCT Foundation, Inc.</u>	<u>JCT Services, LLC</u>	<u>Consolidating Entries</u>	<u>Consolidated</u>
Support and revenue					
Grants	\$ 3,428,410	\$ -	\$ -	\$ -	\$ 3,428,410
Membership income	2,821,360	-	-	-	2,821,360
In-kind contributions	812,197	-	7,200	-	819,397
Underwriting	2,054,628	-	-	-	2,054,628
Change in value of beneficial interest in perpetual trust	(46,463)	-	-	-	(46,463)
Change in value of charitable gift annuity	(44,929)	-	-	-	(44,929)
Investment return, net	(66,719)	-	-	-	(66,719)
Master control service	146,603	-	1,516,481	(176,603)	1,486,481
Rental income	394,934	-	-	-	394,934
Other	391,917	9,960	-	-	401,877
Total support and revenue	<u>9,891,938</u>	<u>9,960</u>	<u>1,523,681</u>	<u>(176,603)</u>	<u>11,248,976</u>
Expenses					
Program services					
Programming and production	3,980,335	-	-	-	3,980,335
Broadcasting	1,524,163	-	1,590,728	(176,603)	2,938,288
Program information and promotion	132,307	-	-	-	132,307
Total program services	<u>5,636,805</u>	<u>-</u>	<u>1,590,728</u>	<u>(176,603)</u>	<u>7,050,930</u>
Supporting services					
Fundraising and membership development	1,011,135	-	-	-	1,011,135
Underwriting and grant solicitation	1,108,882	-	-	-	1,108,882
Management and general	966,310	1,600	-	-	967,910
Total supporting services	<u>3,086,327</u>	<u>1,600</u>	<u>-</u>	<u>-</u>	<u>3,087,927</u>
Total expenses	<u>8,723,132</u>	<u>1,600</u>	<u>1,590,728</u>	<u>(176,603)</u>	<u>10,138,857</u>
Change in net assets	1,168,806	8,360	(67,047)	-	1,110,119
Net assets, beginning of year	11,907,433	(8,360)	(620,551)	-	11,278,522
Net assets, end of year	<u>\$ 13,076,239</u>	<u>\$ -</u>	<u>\$ (687,598)</u>	<u>\$ -</u>	<u>\$ 12,388,641</u>

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

WJCT, INC. AND AFFILIATES
SCHEDULE OF GRANTS - COUNCIL AUDITOR'S OFFICE
CITY OF JACKSONVILLE CULTURAL SERVICES GRANT FUNDS
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

City of Jacksonville Grant Funding for Fiscal Years Ending September 30, 2022 and 2021:

<u>Receipt of City Funds:</u>	<u>FY 2020-2021</u>	<u>FY 2021-2022</u>
Amount of Award- Cultural Service Grant	\$ 282,402	\$ 318,147
Amount of Award- Capial Grant	-	26,892
Amount Received 10/1/20-9/30/21	(282,402)	-
Amount Received 10/1/21-9/30/22	-	(345,039)
Amount Remaining to be Disbursed	<u>\$ -</u>	<u>\$ -</u>

Expenditures of City Funds:

City FY 2020/21 CSGP

<u>Item</u>	<u>Approved Budget</u>	<u>Actual Expenditures 10/1/2020-9/30/2021</u>	<u>Remaining Balance</u>
Program Costs	<u>\$ 282,402</u>	<u>\$ 282,402</u>	<u>\$ -</u>

City FY 2021/22 CSGP

<u>Item</u>	<u>Approved Budget</u>	<u>Actual Expenditures 10/1/2021 - 9/30/2022</u>	<u>Remaining Balance</u>
Program Costs	\$ 318,147	\$ 318,147	\$ -
Capital Project	26,892	26,892	-
Total	<u>\$ 345,039</u>	<u>\$ 345,039</u>	<u>\$ -</u>

The accompanying notes to consolidated financial statements
are an integral part of this schedule.

WJCT-TV
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY WJCT, INC. AND AFFILIATES
SCHEDULE OF REVENUES AND EXPENSES
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Support and revenue		
Support		
Community service grants donated by the Corporation for Public Broadcasting	\$ 903,083	\$ 905,935
Other Corporation for Public Broadcasting grants	45,132	460,304
Other grants	1,090,569	609,073
Community service grants donated by the Department of Education, State of Florida	413,000	320,401
Membership income	1,542,653	1,316,130
In-kind contributions	635,541	785,879
Total support	<u>4,629,978</u>	<u>4,397,722</u>
Revenue		
Underwriting	524,869	405,575
Change in value of beneficial interest in perpetual trust	(46,463)	24,890
Change in value of charitable gift annuity	(44,929)	4,933
Investment return, net	(66,719)	(293)
Master control service	1,663,084	1,616,621
Rental income	328,038	317,947
Other	303,847	890,750
Total revenue	<u>2,661,727</u>	<u>3,260,423</u>
Total support and revenue	<u>7,291,705</u>	<u>7,658,145</u>
Expenses		
Program services		
Programming and production	2,550,294	2,184,330
Broadcasting	1,305,344	1,406,510
Program information and promotion	79,384	72,071
Total program services	<u>3,935,022</u>	<u>3,662,911</u>
Supporting services		
Fundraising and membership development	687,441	745,282
Underwriting and grant solicitation	166,332	262,618
Management and general	579,786	511,164
Total supporting services	<u>1,433,559</u>	<u>1,519,064</u>
Total expenses	<u>\$ 5,368,581</u>	<u>\$ 5,181,975</u>

The accompanying notes to financial statements
are an integral part of this schedule

WJCT-FM
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY WJCT, INC. AND AFFILIATES
SCHEDULE OF REVENUES AND EXPENSES
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Support and revenue		
Support		
Community service grants donated by the Corporation for Public Broadcasting	\$ 171,547	\$ 184,707
Other Corporation for Public Broadcasting grants	-	188,556
Other grants	680,079	295,263
Community service grants donated by the Department of Education, State of Florida	125,000	100,000
Membership income	1,278,707	1,169,778
In-kind contributions	176,656	229,732
Total support	<u>2,431,989</u>	<u>2,168,036</u>
Revenue		
Underwriting	1,529,759	1,330,005
Rental income	66,896	64,718
Other	88,070	408,187
Total revenue	<u>1,684,725</u>	<u>1,802,910</u>
Total support and revenue	<u>4,116,714</u>	<u>3,970,946</u>
Expenses		
Program services		
Programming and production	1,430,041	1,266,337
Broadcasting	218,819	356,820
Program information and promotion	52,923	57,175
Total program services	<u>1,701,783</u>	<u>1,680,332</u>
Supporting services		
Fundraising and membership development	323,694	235,754
Underwriting and grant solicitation	942,550	761,676
Management and general	386,524	329,098
Total supporting services	<u>1,652,768</u>	<u>1,326,528</u>
Total expenses	<u>\$ 3,354,551</u>	<u>\$ 3,006,860</u>

The accompanying notes to financial statements
are an integral part of this schedule.

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

To the Board of Trustees,
WJCT, Inc. and Affiliates:

We have audited, 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, the consolidated financial statements of WJCT, Inc. and Affiliates (the "Station") as of and for the year ended September 30, 2022, and the related notes to the consolidated financial statements, which collectively comprise the Station's basic financial statements, and have issued our report thereon dated January 16, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Station's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Station's internal control. Accordingly, we do not express an opinion on the effectiveness of the Station's internal control.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

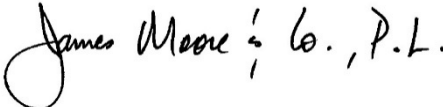
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Station's consolidated financial statements are free from 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 consolidated financial statements. 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James Moore & Co., P.L.

Gainesville, Florida
January 16, 2023