

WJCT, INC. AND AFFILIATES
CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

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, 2023 and 2022, 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, 2023 and 2022, and the changes in their net assets and their 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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1(d) to the financial statements, in 2023, the Station adopted new accounting guidance for leases. Our opinion is not modified with respect to this matter.

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.

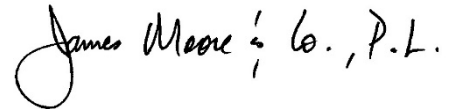
Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information (Exhibits I through V) is presented for purposes of 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 15, 2024, 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 initial "J" and a distinct "Co." followed by "P.L." with a period.

Gainesville, Florida
January 15, 2024

WJCT, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2023 AND 2022

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Current assets		
Cash and cash equivalents	\$ 3,509,483	\$ 2,672,575
Accounts receivable, net	283,064	348,299
Grants receivable	352,104	447,501
Prepaid expenses	61,067	38,313
Other current assets	28,750	23,750
Total current assets	4,234,468	3,530,438
Noncurrent assets		
Property and equipment, net	5,949,590	6,270,303
Financing lease right of use asset, net	61,067	-
Investments - equity and fixed income	3,631,323	3,416,028
Investments - charitable gift annuity	134,754	138,631
Beneficial interest in perpetual trust	149,734	138,151
Investment in partnership	(1,075)	(2,004)
Total noncurrent assets	9,925,393	9,961,109
Total Assets	\$ 14,159,861	\$ 13,491,547
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Current portion of capital lease	\$ -	\$ 43,133
Accounts payable and accrued expenses	210,571	228,966
Accrued salaries and wages	325,358	322,644
Deferred support and revenue	518,370	340,542
Current portion of financing lease liability	45,381	-
Current portion of gift annuity liability	10,600	10,600
Total current liabilities	1,110,280	945,885
Long-term liabilities		
Capital lease, less current portion	-	60,277
Financing lease liability, less current portion	17,097	-
Gift annuity liability, less current portion	96,744	96,744
Total long-term liabilities	113,841	157,021
Total liabilities	1,224,121	1,102,906
Net assets		
Without donor restrictions	11,772,195	11,254,170
With donor restrictions	1,163,545	1,134,471
Total net assets	12,935,740	12,388,641
Total Liabilities and Net Assets	\$ 14,159,861	\$ 13,491,547

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, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue						
Grants	\$ 2,387,697	\$ 406,473	\$ 2,794,170	\$ 2,413,177	\$ 1,015,233	\$ 3,428,410
Membership income	2,915,726	-	2,915,726	2,821,360	-	2,821,360
In-kind contributions	1,385,712	-	1,385,712	819,397	-	819,397
Underwriting	1,889,201	-	1,889,201	2,054,628	-	2,054,628
Change in value of beneficial interest in perpetual trust	13,414	-	13,414	(46,463)	-	(46,463)
Change in value of charitable gift annuity	(3,877)	-	(3,877)	(44,929)	-	(44,929)
Investment return, net	290,380	-	290,380	(66,719)	-	(66,719)
Master control service	1,553,830	-	1,553,830	1,486,481	-	1,486,481
Rental income	397,403	-	397,403	394,934	-	394,934
Other	498,050	-	498,050	401,877	-	401,877
Net assets released from restrictions:						
Restricted funds expended	377,399	(377,399)	-	200,451	(200,451)	-
Total support and revenue	<u>11,704,935</u>	<u>29,074</u>	<u>11,734,009</u>	<u>10,434,194</u>	<u>814,782</u>	<u>11,248,976</u>
Expenses						
Program services						
Programming and production	4,489,781	-	4,489,781	3,980,335	-	3,980,335
Broadcasting	3,168,644	-	3,168,644	2,938,288	-	2,938,288
Program information and promotion	142,995	-	142,995	132,307	-	132,307
Total program services	<u>7,801,420</u>	<u>-</u>	<u>7,801,420</u>	<u>7,050,930</u>	<u>-</u>	<u>7,050,930</u>
Supporting Services						
Fundraising and membership development	1,340,287	-	1,340,287	1,011,135	-	1,011,135
Underwriting and grant solicitation	1,073,713	-	1,073,713	1,108,882	-	1,108,882
Management and general	971,490	-	971,490	967,910	-	967,910
Total supporting services	<u>3,385,490</u>	<u>-</u>	<u>3,385,490</u>	<u>3,087,927</u>	<u>-</u>	<u>3,087,927</u>
Total expenses	<u>11,186,910</u>	<u>-</u>	<u>11,186,910</u>	<u>10,138,857</u>	<u>-</u>	<u>10,138,857</u>
Change in net assets	518,025	29,074	547,099	295,337	814,782	1,110,119
Net assets, beginning of year	11,254,170	1,134,471	12,388,641	10,958,833	319,689	11,278,522
Net assets, end of year	<u>\$ 11,772,195</u>	<u>\$ 1,163,545</u>	<u>\$ 12,935,740</u>	<u>\$ 11,254,170</u>	<u>\$ 1,134,471</u>	<u>\$ 12,388,641</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, 2023

	Program Services				Supporting Services				Total Expenses 2023
	Programming and Production	Broadcasting	Program Information and Promotion	Total	Fundraising and Membership Development	Underwriting and Grant Solicitation	Management and General	Total	
Salaries, wages and benefits	\$ 1,276,185	\$ 1,671,989	\$ 99,915	\$ 3,048,089	\$ 782,640	\$ 647,093	\$ 612,430	\$ 2,042,163	\$ 5,090,252
Occupancy	1,150	4,172	-	5,322	13,438	-	-	13,438	18,760
Programming costs	1,362,671	175	-	1,362,846	2,839	-	14,150	16,989	1,379,835
Repairs and maintenance	1,428	199,420	468	201,316	104,928	5,721	1,239	111,888	313,204
Travel and meetings	12,273	3,637	-	15,910	1,533	1,325	10,566	13,424	29,334
Advertising	17,167	-	26,778	43,945	-	-	-	-	43,945
Printing	13,606	1,549	889	16,044	28,738	9,442	1,748	39,928	55,972
Professional services	290,364	387,227	14,419	692,010	23,090	28,123	186,676	237,889	929,899
Supplies	36,239	35,757	300	72,296	14,123	8,437	12,771	35,331	107,627
Postage	7,671	1,012	-	8,683	32,211	108	-	32,319	41,002
Depreciation	110,023	435,318	-	545,341	-	-	-	-	545,341
Interest on financing lease liabilities	229	536	-	765	143	-	2,802	2,945	3,710
Bad debts	562	141	-	703	352	-	352	704	1,407
In-kind and trade	1,312,415	14,400	-	1,326,815	-	370,175	58,897	429,072	1,755,887
Membership maintenance	8,762	-	-	8,762	252,760	-	382	253,142	261,904
Utilities	756	252,603	-	253,359	988	1,440	4,155	6,583	259,942
Insurance	-	149,681	-	149,681	-	-	-	-	149,681
Other	38,280	6,255	226	44,761	82,504	1,849	25,060	109,413	154,174
Amortization of financing right of use asset	-	4,772	-	4,772	-	-	40,262	40,262	45,034
	<u>\$ 4,489,781</u>	<u>\$ 3,168,644</u>	<u>\$ 142,995</u>	<u>\$ 7,801,420</u>	<u>\$ 1,340,287</u>	<u>\$ 1,073,713</u>	<u>\$ 971,490</u>	<u>\$ 3,385,490</u>	<u>\$ 11,186,910</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, 2022

	Program Services				Supporting Services				Total Expenses 2022
	Programming and Production	Broadcasting	Program Information and Promotion	Total	Fundraising and Membership Development	Underwriting and Grant Solicitation	Management and General	Total	
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 STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	2022
Cash flows from operating activities		
Cash received from grants, donors and fundraising activities	\$ 10,447,381	\$ 10,261,538
Cash paid to suppliers and employees	(9,260,405)	(7,532,946)
Cash paid for interest	(3,710)	(4,558)
Net cash provided by operating activities	1,183,266	2,724,034
Cash flows from investing activities		
Purchases of property and equipment	(320,381)	(244,609)
Purchases of investments	(1,028,716)	(6,560,058)
Proceeds from sale of investments	1,046,362	3,062,162
Net cash used in investing activities	(302,735)	(3,742,505)
Cash flows from financing activities		
Principal payments on capital leases	-	(41,715)
Principal payments on finance lease liability	(43,623)	-
Net cash used in financing activities	(43,623)	(41,715)
Change in cash and cash equivalents	836,908	(1,060,186)
Cash and cash equivalents, beginning of year	2,672,575	3,732,761
Cash and cash equivalents, end of year	\$ 3,509,483	\$ 2,672,575
Supplemental disclosure of non-cash investing and financing activities:		
Right of use assets obtained in exchange for finance lease obligations	\$ 106,101	\$ -

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, 2023 AND 2022

(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 15). 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, 2023 and 2022, 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, 2023 AND 2022

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

(d) **Recently adopted accounting guidance**—In February 2016, the Financial Accounting Standards board (FASB) issued ASU 2016-02: *Leases* (Topic 842), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. Most prominent among the changes in the standard is the recognition of right of use (ROU) assets and lease liabilities by lessees for those leases classified as operating or finance leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Station adopted the new standard effective October 1, 2022, and recognized and measured leases existing at, or entered into after, October 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended September 30, 2022 are made under prior lease guidance in FASB ASC 840.

The Station elected the available practical expedients to account for existing capital leases as capital leases under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Station recognized on October 1, 2022 a lease liability of \$106,101 which represents the present value of the remaining finance lease payments of \$110,703 discounted using the implicit rates in the lease agreements of 3.67%, and a right of use asset of \$106,101.

The standard had a material impact on the Station's statement of financial position, but did not have a significant impact on the Station's statements of activities, functional expenses, and cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for finance leases.

(e) **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.

(f) **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.

(g) **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, 2023 or September 30, 2022.

WJCT, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

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

(h) **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.

(i) **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.

(j) **Leases**—The Station leases copiers. The Station determines if an arrangement is a lease at inception. Finance leases are included in finance lease right of use (ROU) assets and financing lease liabilities on the Station's statement of financial position.

ROU assets represent the Station's right to use an underlying asset for the lease term and lease liabilities represent the Station's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Station uses the implicit rate provided in the lease agreement in determining the present value of lease payments. The Station's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Station will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Station's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the Station considers factors such as if it has obtained substantially all of the rights to the underlying asset through exclusivity, if it can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

(k) **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.

WJCT, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

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

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.

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.

(l) **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.

(m) **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.

WJCT, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

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

(n) **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 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.

(o) **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. Therefore, no provision for income taxes has been made in the accompanying consolidated 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.

(p) **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.

(q) **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.

WJCT, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

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

(r) **Advertising costs**—Advertising costs are expensed in the period in which they are incurred. Advertising expense for the years ended September 30, 2023 and 2022, was \$43,945 and \$35,862, respectively.

(s) **Subsequent events**—The Station has evaluated events and transactions for potential recognition or disclosure in the financial statements through January 15, 2024, 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.

(t) **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, 2023. The Station has considered the new pronouncements that altered accounting principles generally accepted in the United States of America and does not believe that any new or modified principles will have a material impact on the Station’s reported financial position or operations in the near term.

(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 September 30, 2023 and 2022:

<u>Year</u>	<u>Cost</u>	<u>Fair Value</u>
2023	<u>\$ 3,883,793</u>	<u>\$ 3,914,736</u>
2022	<u>\$ 3,801,186</u>	<u>\$ 3,690,806</u>

Net investment return on the statements of activities is comprised of the following for the years ended September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Interest	\$ 180,478	\$ 23,214
Realized gains/(losses), net	(4,142)	407
Unrealized gains/(losses), net	<u>114,044</u>	<u>(90,340)</u>
Investment return, net	<u>\$ 290,380</u>	<u>\$ (66,719)</u>

WJCT, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

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

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, 2023 and 2022.

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.

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.

WJCT, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

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

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, 2023 and 2022:

	Assets and Liabilities at Fair Value as of September 30, 2023			
	Level 1	Level 2	Level 3	Total
Assets at fair value				
Charitable gift annuity (Note 4)	\$ 134,754	\$ -	\$ -	\$ 134,754
Beneficial interest in a perpetual trust (Note 3)	-	149,734	-	149,734
Mutual funds	1,215,845	-	-	1,215,845
Equity securities	800,239	-	-	800,239
Fixed income	-	1,615,239	-	1,615,239
Investment in partnership	-	-	(1,075)	(1,075)
Total	\$ 2,150,838	\$ 1,764,973	\$ (1,075)	\$ 3,914,736
Liabilities at fair value				
Charitable gift annuity (Note 4)	\$ -	\$ 107,344	\$ -	\$ 107,344

	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	\$ 2,101,234	\$ 1,591,576	\$ (2,004)	\$ 3,690,806
Liabilities at fair value				
Charitable gift annuity (Note 4)	\$ -	\$ 107,344	\$ -	\$ 107,344

Mutual funds include \$1,215,845 and \$1,312,370 of money market funds at September 2023 and 2022, respectively. These 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, 2023 AND 2022

(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, 2023 and 2022, 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, 2023 and 2022, 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, 2023 and 2022, is as follows:

	<u>2023</u>	<u>2022</u>
Land	\$ 87,760	\$ 87,760
Buildings and improvements	13,890,390	13,793,744
Broadcast and other equipment	<u>6,456,790</u>	<u>6,364,373</u>
Total property and equipment	20,434,940	20,245,877
Less: Accumulated depreciation	14,511,820	14,042,136
Construction in process	26,470	66,562
Property and equipment, net	<u>\$ 5,949,590</u>	<u>\$ 6,270,303</u>

For the years ended September 30, 2023 and 2022, depreciation expense for property and equipment was \$545,341 and \$561,780, respectively.

(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.

WJCT, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

(6) **Festival Park Premises:** (Continued)

Lease expense is recorded as in-kind contributions and expense at the estimated fair value of \$340,860 and \$75,737 for the years ended September 30, 2023 and 2022, respectively.

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 \$759,419 and \$533,214 for the years ended September 30, 2023 and 2022, 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, 2023 and 2022. Depreciation expense related to the facility was \$116,467 for the years ended September 30, 2023 and 2022. Accumulated depreciation was \$6,685,892 and \$6,569,425 at September 30, 2023 and 2022, 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% maturing in December 2022. The line of credit was not renewed after it matured. There was no outstanding balance on this line of credit at September 30, 2022.

(8) **Leases:**

For the year ended September 30, 2022, prior to the implementation of ASU 2016-02: *Leases* (Topic 842), the Station had capital lease obligations for office equipment requiring basic monthly payments of \$3,823 through December 2024 and \$355 through December 2025. Principal payments on capital leases totaled \$41,714 and interest expense on capital leases totaled \$4,556 for the fiscal year ended September 30, 2022.

For the year ended September 30, 2023, the Station has two financing leases for copiers, which have remaining lease terms expiring in fiscal years 2025 and 2026. As of September 30, 2023, assets recorded under finance leases, net of accumulated amortization, were \$61,067.

WJCT, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

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

The components of lease expense for the year ended September 30, 2023 were as follows:

Short-term lease cost	\$ 17,008
Amortization of finance right of use assets	45,034
Interest on finance lease liabilities	3,710
	\$ 65,752
	\$ 65,752

The weighted average remaining lease term was 2.1 years and the weighted average discount rate was 3.67% for the year ended September 30, 2023.

Future minimum lease payments under non-cancellable leases as of September 30, 2023 were as follows:

Years Ending September 30:	Finance
2024	\$ 46,917
2025	16,011
2026	1,280
Total future minimum payments	64,208
Less: Imputed interest	1,730
	\$ 62,478

(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 \$2,953,087 and \$2,149,942 in uninsured cash balances as of September 30, 2023 and 2022, 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, 2023 and 2022, the Digital Convergence Alliance provided approximately 13% of revenue and the CPB provided approximately 10% of revenue.

WJCT, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

(10) **Receivables:**

At September 30, 2023, 2022, and 2021, accounts receivable consists of the following:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Underwriting and production receivables	\$ 283,064	\$ 348,299	\$ 344,048
Grants receivable	352,104	447,501	108,080
Total receivables	<u>\$ 635,168</u>	<u>\$ 795,800</u>	<u>\$ 452,128</u>

(11) **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 2020-21</u>	<u>Expended 2021-22</u>	<u>Expended 2022-23</u>	<u>Uncommitted Balance at September 30, 2023</u>
2022-24	\$ 1,173,138	\$ -	\$ -	\$ 1,173,138	\$ -
2021-23	1,074,630	-	1,074,630	-	-
2020-22	1,694,892	1,694,892	-	-	-

(12) **Contributed Nonfinancial Assets:**

In-kind contributions included in the statement of activities for the years ended September 30, 2023 and 2022, are comprised of the following:

	<u>2023</u>	<u>2022</u>
Services	\$ 117,433	\$ 42,446
Land	340,860	75,737
Tower	168,000	168,000
Building	759,419	533,214
Total	<u>\$ 1,385,712</u>	<u>\$ 819,397</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 13 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.

WJCT, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

(13) Lease Rental Income:

The Station leases building space to tenants in addition to broadcast channels and transmitter tower space to unrelated third parties under short-term agreements. Lease rental income under short-term leases totaled \$397,403 and \$394,934 for the years ended September 30, 2023 and 2022, 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, 2023 and 2022.

(14) 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, 2023 and 2022, the Station provided \$52,560 and \$40,972 in matching contributions, respectively.

(15) 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, 2023 and 2022, WJCT paid \$322,481 and \$297,252, respectively, 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 \$1,553,830 and \$1,486,481 for the years ended September 30, 2023 and 2022, respectively, 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.

(16) 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>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 3,509,483	\$ 2,672,575
Accounts and grants receivable	635,168	795,800
Less those unavailable for general expenditures within one year, due to:		
Donor imposed restrictions	1,163,545	1,134,471
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,981,106</u>	<u>\$ 2,333,904</u>

SUPPLEMENTAL INFORMATION

WJCT, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2023

<u>ASSETS</u>	<u>WJCT, Inc.</u>	<u>JCT Services, LLC</u>	<u>Consolidating Entries</u>	<u>Consolidated</u>
Current assets				
Cash and cash equivalents	\$ 3,375,430	\$ 134,053	\$ -	\$ 3,509,483
Accounts receivable, net	255,518	27,546	-	283,064
Grants receivable	352,104	-	-	352,104
Due from related entities	625,681	-	(625,681)	-
Prepaid expenses	39,234	21,833	-	61,067
Other current assets	28,750	-	-	28,750
Total current assets	<u>4,676,717</u>	<u>183,432</u>	<u>(625,681)</u>	<u>4,234,468</u>
Noncurrent assets				
Property and equipment, net	5,949,590	-	-	5,949,590
Financing lease right of use asset, net	50,327	10,740	-	61,067
Investments - equity and fixed income	3,631,323	-	-	3,631,323
Investments - charitable gift annuity	134,754	-	-	134,754
Beneficial interest in perpetual trust	149,734	-	-	149,734
Investment in partnership	(1,075)	-	-	(1,075)
Total noncurrent assets	<u>9,914,653</u>	<u>10,740</u>	<u>-</u>	<u>9,925,393</u>
Total Assets	<u>\$ 14,591,370</u>	<u>\$ 194,172</u>	<u>\$ (625,681)</u>	<u>\$ 14,159,861</u>
<u>LIABILITIES AND NET ASSETS</u>				
Current liabilities				
Accounts payable and accrued expenses	\$ 209,127	\$ 1,444	\$ -	\$ 210,571
Due to related entities	-	625,681	(625,681)	-
Accrued salaries and wages	244,944	80,414	-	325,358
Deferred support and revenue	385,920	132,450	-	518,370
Current portion of financing lease liability	40,685	4,696	-	45,381
Current portion of gift annuity liability	10,600	-	-	10,600
Total current liabilities	<u>891,276</u>	<u>844,685</u>	<u>(625,681)</u>	<u>1,110,280</u>
Long-term liabilities				
Financing lease liability, less current portion	10,406	6,691	-	17,097
Gift annuity liability, less current portion	96,744	-	-	96,744
Total long-term liabilities	<u>107,150</u>	<u>6,691</u>	<u>-</u>	<u>113,841</u>
Total liabilities	<u>998,426</u>	<u>851,376</u>	<u>(625,681)</u>	<u>1,224,121</u>
Net assets				
Without donor restrictions	12,429,399	(657,204)	-	11,772,195
With donor restrictions	1,163,545	-	-	1,163,545
Total net assets	<u>13,592,944</u>	<u>(657,204)</u>	<u>-</u>	<u>12,935,740</u>
Total Liabilities and Net Assets	<u>\$ 14,591,370</u>	<u>\$ 194,172</u>	<u>\$ (625,681)</u>	<u>\$ 14,159,861</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, 2023

	<u>WJCT, Inc.</u>	<u>JCT Services, LLC</u>	<u>Consolidating Entries</u>	<u>Consolidated</u>
Support and revenue				
Grants	\$ 2,794,170	\$ -	\$ -	\$ 2,794,170
Membership income	2,915,726	-	-	2,915,726
In-kind contributions	1,378,512	7,200	-	1,385,712
Underwriting	1,889,201	-	-	1,889,201
Change in value of beneficial interest in perpetual trust	13,414	-	-	13,414
Change in value of charitable gift annuity	(3,877)	-	-	(3,877)
Investment return, net	290,380	-	-	290,380
Master control service	137,228	1,583,830	(167,228)	1,553,830
Rental income	397,403	-	-	397,403
Other	498,050	-	-	498,050
Total support and revenue	<u>10,310,207</u>	<u>1,591,030</u>	<u>(167,228)</u>	<u>11,734,009</u>
Expenses				
Program services				
Programming and production	4,489,781	-	-	4,489,781
Broadcasting	1,775,236	1,560,636	(167,228)	3,168,644
Program information and promotion	142,995	-	-	142,995
Total program services	<u>6,408,012</u>	<u>1,560,636</u>	<u>(167,228)</u>	<u>7,801,420</u>
Supporting services				
Fundraising and membership development	1,340,287	-	-	1,340,287
Underwriting and grant solicitation	1,073,713	-	-	1,073,713
Management and general	971,490	-	-	971,490
Total supporting services	<u>3,385,490</u>	<u>-</u>	<u>-</u>	<u>3,385,490</u>
Total expenses	<u>9,793,502</u>	<u>1,560,636</u>	<u>(167,228)</u>	<u>11,186,910</u>
Change in net assets	516,705	30,394	-	547,099
Net assets, beginning of year	13,076,239	(687,598)	-	12,388,641
Net assets, end of year	<u>\$ 13,592,944</u>	<u>\$ (657,204)</u>	<u>\$ -</u>	<u>\$ 12,935,740</u>

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

WJCT, INC. AND AFFILIATES
SCHEDULES OF GRANTS - COUNCIL AUDITOR'S OFFICE
CITY OF JACKSONVILLE CULTURAL SERVICES GRANT FUNDS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

City of Jacksonville Grant Funding for Fiscal Years Ending September 30, 2023 and 2022:

<u>Receipt of City Funds:</u>	<u>FY 2021-2022</u>	<u>FY 2022-2023</u>
Amount of Award- Cultural Service Grant	\$ 318,147	\$ 401,111
Amount of Award- Capital Grant	26,892	56,564
Amount Received 10/1/21-9/30/22	(345,039)	-
Amount Received 10/1/22-9/30/23	-	(457,675)
Amount Remaining to be Disbursed	<u>\$ -</u>	<u>\$ -</u>

Expenditures of City Funds:

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>

City FY 2022/23 CSGP

<u>Item</u>	<u>Approved Budget</u>	<u>Actual Expenditures 10/1/2022 - 9/30/2023</u>	<u>Remaining Balance</u>
Program Costs	\$ 401,111	\$ 401,111	\$ -
Capital Project	56,564	56,564	-
Total	<u>\$ 457,675</u>	<u>\$ 457,675</u>	<u>\$ -</u>

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

WJCT-TV
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY WJCT, INC. AND AFFILIATES
SCHEDULES OF REVENUES AND EXPENSES
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Support and revenue		
Support		
Community service grants donated by the Corporation for Public Broadcasting	\$ 970,423	\$ 903,083
Other Corporation for Public Broadcasting grants	46,596	45,132
Other grants	753,995	1,090,569
Community service grants donated by the Department of Education, State of Florida	445,070	413,000
Membership income	1,650,946	1,542,653
In-kind contributions	1,156,957	635,541
Total support	<u>5,023,987</u>	<u>4,629,978</u>
Revenue		
Underwriting	503,805	524,869
Change in value of beneficial interest in perpetual trust	13,414	(46,463)
Change in value of charitable gift annuity	(3,877)	(44,929)
Investment return, net	203,266	(66,719)
Master control service	1,721,058	1,663,084
Rental income	331,314	328,038
Other	371,013	303,847
Total revenue	<u>3,139,993</u>	<u>2,661,727</u>
Total support and revenue	<u>8,163,980</u>	<u>7,291,705</u>
Expenses		
Program services		
Programming and production	2,918,206	2,550,294
Broadcasting	1,522,371	1,305,344
Program information and promotion	85,797	79,384
Total program services	<u>4,526,374</u>	<u>3,935,022</u>
Supporting services		
Fundraising and membership development	1,088,309	687,441
Underwriting and grant solicitation	891,078	166,332
Management and general	583,264	579,786
Total supporting services	<u>2,562,651</u>	<u>1,433,559</u>
Total expenses	<u>\$ 7,089,025</u>	<u>\$ 5,368,581</u>

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

WJCT-FM
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY WJCT, INC. AND AFFILIATES
SCHEDULES OF REVENUES AND EXPENSES
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Support and revenue		
Support		
Community service grants donated by the Corporation for Public Broadcasting	\$ 202,715	\$ 171,547
Other grants	243,368	680,079
Community service grants donated by the Department of Education, State of Florida	132,003	125,000
Membership income	1,264,780	1,278,707
In-kind contributions	228,755	176,656
Total support	<u>2,071,621</u>	<u>2,431,989</u>
Revenue		
Underwriting	1,385,396	1,529,759
Investment return, net	87,114	-
Rental income	66,089	66,896
Other	127,037	88,070
Total revenue	<u>1,665,636</u>	<u>1,684,725</u>
Total support and revenue	<u>3,737,257</u>	<u>4,116,714</u>
Expenses		
Program services		
Programming and production	1,571,575	1,430,041
Broadcasting	252,865	218,819
Program information and promotion	57,198	52,923
Total program services	<u>1,881,638</u>	<u>1,701,783</u>
Supporting services		
Fundraising and membership development	251,978	323,694
Underwriting and grant solicitation	182,635	942,550
Management and general	388,226	386,524
Total supporting services	<u>822,839</u>	<u>1,652,768</u>
Total expenses	<u>\$ 2,704,477</u>	<u>\$ 3,354,551</u>

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

**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**

Independent Auditors' Report

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, 2023, 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 15, 2024.

Report on 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.

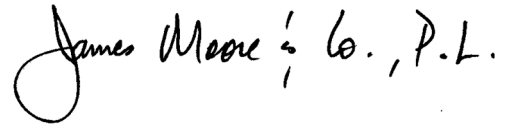
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not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

Report on 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 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 15, 2024