

WJCT, INC. AND AFFILIATES
CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

**WJCT, INC. AND AFFILIATES
TABLE OF CONTENTS
SEPTEMBER 30, 2020 AND 2019**

	<u>Page(s)</u>
Independent Auditors' Report	1 – 2
Consolidated Financial Statements	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statement of Functional Expenses	5 – 6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8 – 18
Supplemental Information	
Consolidating Statement of Financial Position (Exhibit I)	19
Consolidating Statement of Activities (Exhibit II)	20
Schedule of Grants – Council Auditor's Office – City of Jacksonville Cultural Services Grant Funds (Exhibit III)	21
WJCT-TV Schedule of Revenues and Expenses (Exhibit IV)	22
WJCT-FM Schedule of Revenues and Expenses (Exhibit V)	23
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 <i>Government Auditing Standards</i>	24 – 25

INDEPENDENT AUDITORS' REPORT

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of WJCT, Inc. and Affiliates (the "Station"), which comprise the consolidated statements of financial position as of September 30, 2020 and 2019, 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.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Station as of September 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

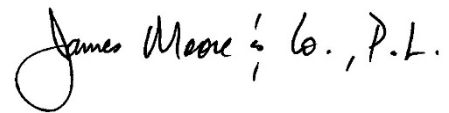
Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental 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 15, 2021, 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, flowing style.

Gainesville, Florida
January 15, 2021

WJCT, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 3,602,564	\$ 2,092,781
Accounts receivable, net	672,383	354,748
Broadcasting rights	-	14,801
Prepaid expenses	64,437	40,331
Total current assets	<u>4,339,384</u>	<u>2,502,661</u>
Noncurrent assets		
Property and equipment, net	7,099,989	6,275,816
Investments - charitable gift annuity	178,627	183,830
Beneficial interest in perpetual trust	159,108	150,266
Total noncurrent assets	<u>7,437,724</u>	<u>6,609,912</u>
Total Assets	<u><u>\$ 11,777,108</u></u>	<u><u>\$ 9,112,573</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Current portion of capital lease	\$ 47,474	\$ 45,767
Accounts payable and accrued expenses	679,618	300,895
Accrued salaries and wages	166,223	146,140
Deferred support and revenue	627,508	548,141
Refundable advance	737,400	-
Current portion of gift annuity liability	10,600	10,600
Total current liabilities	<u>2,268,823</u>	<u>1,051,543</u>
Long-term liabilities		
Capital lease, less current portion	27,614	75,088
Long-term portion of gift annuity liability	96,744	95,151
Total long-term liabilities	<u>124,358</u>	<u>170,239</u>
Total liabilities	<u>2,393,181</u>	<u>1,221,782</u>
Net assets		
Without donor restrictions	8,233,771	6,814,769
With donor restrictions	1,150,156	1,076,022
Total net assets	<u>9,383,927</u>	<u>7,890,791</u>
Total Liabilities and Net Assets	<u><u>\$ 11,777,108</u></u>	<u><u>\$ 9,112,573</u></u>

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, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue						
Grants	\$ 2,113,298	\$ -	\$ 2,113,298	\$ 1,720,646	\$ -	\$ 1,720,646
Membership income	2,264,218	-	2,264,218	2,198,758	-	2,198,758
In-kind contributions	958,385	-	958,385	759,255	-	759,255
Underwriting	1,698,263	-	1,698,263	1,977,738	-	1,977,738
Change in value of beneficial interest in perpetual trust	13,765	-	13,765	903	-	903
Change in value of charitable gift annuity	(6,796)	-	(6,796)	(10,373)	-	(10,373)
Master control service	1,501,232	-	1,501,232	1,455,808	-	1,455,808
Rental income	394,297	-	394,297	393,236	-	393,236
Other	1,559,437	74,134	1,633,571	481,466	1,046,500	1,527,966
Total support and revenue	10,496,099	74,134	10,570,233	8,977,437	1,046,500	10,023,937
Expenses						
Program services						
Programming and production	3,264,110	-	3,264,110	3,049,818	-	3,049,818
Broadcasting	3,108,752	-	3,108,752	3,092,276	-	3,092,276
Program information and promotion	100,341	-	100,341	77,719	-	77,719
Total program services	6,473,203	-	6,473,203	6,219,813	-	6,219,813
Supporting Services						
Fundraising and membership development	967,084	-	967,084	989,988	-	989,988
Underwriting and grant solicitation	923,034	-	923,034	1,092,751	-	1,092,751
Management and general	713,776	-	713,776	748,806	-	748,806
Total supporting services	2,603,894	-	2,603,894	2,831,545	-	2,831,545
Total expenses	9,077,097	-	9,077,097	9,051,358	-	9,051,358
Increase (decrease) in net assets	1,419,002	74,134	1,493,136	(73,921)	1,046,500	972,579
Net assets, beginning of year	6,814,769	1,076,022	7,890,791	6,888,690	29,522	6,918,212
Net assets, end of year	<u>\$ 8,233,771</u>	<u>\$ 1,150,156</u>	<u>\$ 9,383,927</u>	<u>\$ 6,814,769</u>	<u>\$ 1,076,022</u>	<u>\$ 7,890,791</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, 2020

	Program Services				Supporting Services				Total Expenses 2020
	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	\$ 732,815	\$ 1,517,171	\$ 81,130	\$ 2,331,116	\$ 544,646	\$ 497,984	\$ 572,738	\$ 1,615,368	\$ 3,946,484
Occupancy	7,834	15,180	170	23,184	15,727	-	4,509	20,236	43,420
Programming costs	1,283,387	79,909	-	1,363,296	78	19,614	-	19,692	1,382,988
Repairs and maintenance	540	106,327	-	106,867	115,185	3,493	4,842	123,520	230,387
Travel and meetings	-	3,725	-	3,725	1,404	1,706	239	3,349	7,074
Advertising	239	-	15,129	15,368	-	5	112	117	15,485
Printing	7,837	23,746	2,791	34,374	17,153	13,150	4,427	34,730	69,104
Professional services	136,347	320,419	679	457,445	92,042	8,186	113,846	214,074	671,519
Supplies	499	12,061	-	12,560	69	325	3,935	4,329	16,889
Postage	6,707	9,134	227	16,068	12,602	-	971	13,573	29,641
Depreciation	106,241	547,596	-	653,837	6,640	-	6,640	13,280	667,117
Interest	-	4,488	-	4,488	-	-	22	22	4,510
Bad debts	-	-	-	-	-	-	577	577	577
In-kind	958,385	-	-	958,385	-	374,486	-	374,486	1,332,871
Membership maintenance	-	-	-	-	156,984	-	-	156,984	156,984
Utilities	7,485	198,705	215	206,405	4,554	4,085	918	9,557	215,962
Insurance	15,794	270,291	-	286,085	-	-	-	-	286,085
	<u>\$ 3,264,110</u>	<u>\$ 3,108,752</u>	<u>\$ 100,341</u>	<u>\$ 6,473,203</u>	<u>\$ 967,084</u>	<u>\$ 923,034</u>	<u>\$ 713,776</u>	<u>\$ 2,603,894</u>	<u>\$ 9,077,097</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, 2019

	Program Services				Supporting Services				Total Expenses 2020
	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	\$ 746,818	\$ 1,439,396	\$ 59,390	\$ 2,245,604	\$ 516,457	\$ 564,466	\$ 573,140	\$ 1,654,063	\$ 3,899,667
Occupancy	5,669	11,710	164	17,543	24,664	23,933	3,247	51,844	69,387
Programming costs	1,283,150	64,719	928	1,348,797	3,992	23,726	216	27,934	1,376,731
Repairs and maintenance	21	85,563	-	85,584	111,941	2,447	4,661	119,049	204,633
Travel and meetings	7,019	3,138	-	10,157	1,007	4,564	6,213	11,784	21,941
Advertising	350	-	7,365	7,715	295	474	-	769	8,484
Printing	2,907	32,316	4,083	39,306	75,106	38,552	4,866	118,524	157,830
Professional services	99,225	331,234	5,283	435,742	88,396	46,681	127,864	262,941	698,683
Supplies	244	12,209	-	12,453	3,956	-	4,194	8,150	20,603
Postage	4,821	11,044	221	16,086	10,419	2,972	981	14,372	30,458
Depreciation	118,202	611,781	-	729,983	7,388	-	7,387	14,775	744,758
Interest	-	6,781	-	6,781	-	-	-	-	6,781
Bad debts	-	-	-	-	-	-	15,000	15,000	15,000
In-kind	759,255	-	-	759,255	-	382,925	-	382,925	1,142,180
Membership maintenance	-	296	-	296	140,814	-	-	140,814	141,110
Utilities	6,525	212,476	285	219,286	5,553	2,011	1,037	8,601	227,887
Insurance	15,612	269,613	-	285,225	-	-	-	-	285,225
	<u>\$ 3,049,818</u>	<u>\$ 3,092,276</u>	<u>\$ 77,719</u>	<u>\$ 6,219,813</u>	<u>\$ 989,988</u>	<u>\$ 1,092,751</u>	<u>\$ 748,806</u>	<u>\$ 2,831,545</u>	<u>\$ 9,051,358</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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Cash received from grants, donors and fundraising activities	\$ 10,108,934	\$ 9,293,097
Cash paid to suppliers and employees	(7,057,584)	(7,453,810)
Cash paid for interest	(4,510)	(6,781)
Net cash provided by operating activities	<u>3,046,840</u>	<u>1,832,506</u>
Cash flows from investing activities		
Purchases of property and equipment	(1,491,290)	(247,583)
Net cash used in investing activities	<u>(1,491,290)</u>	<u>(247,583)</u>
Cash flows from financing activities		
Principal payments on capital leases	(45,767)	(58,596)
Net cash used in financing activities	<u>(45,767)</u>	<u>(58,596)</u>
Net increase in cash and cash equivalents	<u>1,509,783</u>	<u>1,526,327</u>
Cash and cash equivalents, beginning of year	2,092,781	566,454
Cash and cash equivalents, end of year	<u><u>\$ 3,602,564</u></u>	<u><u>\$ 2,092,781</u></u>
Reconciliation of increase in net assets to net cash provided by operating activities:		
Increase in net assets	<u>\$ 1,493,136</u>	<u>\$ 972,579</u>
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	667,117	744,758
Gain (loss) on investments	(8,562)	4,165
Distributions from beneficial interest in perpetual trust	4,923	5,568
Change in certain assets/liabilities:		
Accounts receivable	(317,635)	(1,512)
Refundable advance	737,400	-
Broadcasting rights	14,801	(500)
Prepaid expenses	(24,106)	68,749
Accounts payable and accrued expenses	378,723	45,762
Accrued salaries and wages	20,083	(27,257)
Deferred support and revenue	79,367	14,889
Gift annuity liability	1,593	5,305
Total adjustments	<u>1,553,704</u>	<u>859,927</u>
Net cash provided by operating activities	<u><u>\$ 3,046,840</u></u>	<u><u>\$ 1,832,506</u></u>

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, 2020 AND 2019

(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.

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.

(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.

WJCT, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

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

(e) **Investments**—Investments are carried at fair value, and realized and unrealized gains and losses are reflected in the consolidated 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. The allowance for doubtful accounts was \$15,000 at September 30, 2019. There was no allowance for doubtful accounts at September 30, 2020.

(g) **Costs incurred for programs not yet broadcast**—Costs incurred for programs not yet broadcast (broadcasting rights) are recorded as a deferred asset. Such costs relate to programs purchased or produced by the Station that will be broadcast subsequent to the respective year end. Programs to be completed and broadcast within one year are classified as current assets whereas programs to be completed and broadcast in more than one year are classified as long-term. As the programs are broadcast, the costs incurred will be included in expenses. Program status is evaluated annually. Costs associated with programs not considered to have future benefit are adjusted to net realizable value.

(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 \$250 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) **Revenue recognition**—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.

The Station receives restricted grants where revenue is recognized and billed on a cost-reimbursable basis. Revenue on cost-reimbursable grants is recognized to the extent of costs incurred.

WJCT, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

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

(k) **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.

(l) **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.

(m) **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.

WJCT, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

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

(n) **Production revenue**—The Station uses the percentage-of-completion method of accounting for production revenue, whereby the cumulative production revenue earned equals the ratio of costs incurred to the estimated total costs at completion applied to the total committed revenues from outside sponsors. Production costs include charges by subcontractors plus all direct labor and other direct costs. Indirect and general and administrative expenses are charged to expense as incurred. Cost estimates on programs are reviewed periodically as the work progresses and adjustments, if needed, are reflected in the period in which the estimates are revised.

(o) **Program and production underwriting**—Revenue for program underwriting is recorded on a pro-rata basis for the period covered and for production underwriting on an estimated percentage-of-completion basis.

(p) **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, 2020 and 2019, and the net deferred tax assets at September 30, 2020 and 2019, 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.

(q) **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.

(r) **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.

(s) **Advertising costs**—Advertising costs are expensed in the period in which they are incurred. Advertising expense for the years ended September 30, 2020 and 2019, was \$15,485 and \$8,484, respectively.

(t) **Refundable advance**—At September 30, 2020, funds received of \$737,400 have not been recognized in the accompanying consolidated statement of activities because conditions on which they depend have not been met. The conditional contribution depends on applying for and receiving forgiveness of the amount received. Therefore, this amount is recorded as a refundable advance on the consolidated statement of financial position. See Note 15 below.

WJCT, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

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

(u) **Subsequent events**—The Company has evaluated events and transactions for potential recognition or disclosure in the financial statements through January 15, 2021, 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.

(v) **Adoption of new accounting standards**—The Company has adopted Accounting Standards Update (“ASU”) No. 2018-08, “Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic) 605.” The ASU and all subsequently issued clarifying ASUs clarified guidance related to the recognition of nonexchange revenue that does not fall under ASU 606. The Agency adopted ASC 605 as of October 1, 2019. In adopting this ASU, there was no impact to beginning net assets. As such, no retrospective analysis of account balance changes was required.

(w) **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, 2020. 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 May 2014, the FASB issued Accounting Standards Update 2014-09: *Revenue from Contracts with Customers*, to clarify the principles used to recognize revenue for all entities. The new standard (as amended) is effective for fiscal years beginning after December 15, 2019 and 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.

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) **Fair Value Measurements:**

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.

WJCT, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

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

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, 2020 and 2019.

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.

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, 2020 and 2019:

Assets and Liabilities at Fair Value as of September 30, 2020				
	Level 1	Level 2	Level 3	Total
Assets at fair value				
Charitable gift annuity (Note 4)	\$ 178,627	\$ -	\$ -	\$ 178,627
Beneficial interest in a perpetual trust (Note 3)	-	159,108	-	159,108
Total	<u>\$ 178,627</u>	<u>\$ 159,108</u>	<u>\$ -</u>	<u>\$ 337,735</u>
Liabilities at fair value				
Charitable gift annuity (Note 4)	\$ -	\$ 107,344	\$ -	\$ 107,344
Assets and Liabilities at Fair Value as of September 30, 2019				
	Level 1	Level 2	Level 3	Total

WJCT, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

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

Assets at fair value

Charitable gift annuity (Note 4)	\$	183,830	\$	-	\$	-	\$	183,830
Beneficial interest in a perpetual trust (Note 3)		-		150,266		-		150,266
Total	\$	188,830	\$	150,266	\$	-	\$	334,096

Liabilities at fair value

Charitable gift annuity (Note 4)	\$	-	\$	105,751	\$	-	\$	105,751
----------------------------------	----	---	----	---------	----	---	----	---------

(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, 2020 and 2019, 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, 2020 and 2019, 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, 2020 and 2019, is as follows:

	<u>2020</u>	<u>2019</u>
Land	\$ 87,760	\$ 87,760
Buildings and improvements	15,250,899	15,239,982
Broadcast and other equipment	16,262,986	16,173,796
Total property and equipment	31,601,645	31,501,538
Less: Accumulated depreciation	26,097,056	25,429,941
Construction in process	1,595,400	204,219
	<u>\$ 7,099,989</u>	<u>\$ 6,275,816</u>

For the years ended September 30, 2020 and 2019, depreciation expense for property and equipment was \$667,117 and \$744,758, respectively. Depreciation expense related to assets leased under capital leases was \$43,214 and \$60,037 for the years ended September 30, 2020 and 2019, respectively.

WJCT, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

(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.

The total lease space occupied by the Station is recorded as in-kind contributions and expense at the estimated fair value of \$686,424 and \$488,250 for the years ended September 30, 2020 and 2019, 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 \$8,429,468 at September 30, 2020 and 2019. Depreciation expense related to the facility was \$193,608 and \$210,737 for the years ended September 30, 2020 and 2019, respectively. Accumulated depreciation was \$6,336,604 and \$6,142,996 at September 30, 2020 and 2019, respectively.

(7) Line of Credit:

During the fiscal year ended September 30, 2019, the Station opened 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, 2020 or 2019.

(8) Capital Leases:

The Station leases equipment under capital leases. As of September 30, 2020 and September 30, 2019, there were four capital lease agreements, two of which contain a bargain purchase option in the amount of one dollar at the end of the lease term.

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

	2020	2019
Equipment	\$ 309,833	\$ 309,833
Less: Accumulated depreciation	242,447	199,233
Net book value	<u>\$ 67,386</u>	<u>\$ 110,600</u>

WJCT, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

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

Capital lease obligations consist of the following as of September 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Equipment lease with monthly payments of \$1,981, including interest of 3.67%, due October 8, 2019. Lease collateralized by the leased equipment.	\$ -	\$ 112,909
Equipment lease with monthly payments of \$187, including interest of 3.67%, due December 8, 2017. Lease collateralized by the leased equipment.	-	7,946
Equipment lease with monthly payments of \$297, including interest of 3.67%, due October 8, 2019. Lease collateralized by the leased equipment.	4,624	-
Equipment lease with monthly payments of \$3,823, including interest of 3.67%, due April 30, 2022. Lease collateralized by the leased equipment.	70,464	-
Total capital leases	<u>75,088</u>	<u>120,855</u>
Less: Current portion	<u>47,474</u>	<u>45,767</u>
Long-term portion of capital leases	<u>\$ 27,614</u>	<u>\$ 75,088</u>

The following is a schedule by years of future minimum payments required under the leases as of September 30, 2020:

<u>Years Ending September 30:</u>	<u>Amount</u>
2021	\$ 49,435
2022	<u>27,947</u>
Total future minimum payments	77,382
Less: Amounts representing interest	<u>2,294</u>
Total future principal payment	<u>\$ 75,088</u>

(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 \$3,054,440 and \$1,466,220 in uninsured cash balances as of September 30, 2020 and 2019, respectively

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

WJCT, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

(9) **Significant Concentrations:** (Continued)

(c) **Revenues**—The Station received significant revenue from two sources. During the years ended September 30, 2020 and 2019, the Digital Convergence Alliance provided approximately 14% and 15%, respectively, and the CPB provided approximately 12% and 10%, respectively. During the year ended September 30, 2020, 12% of revenue was provided by the Federal Communications Commission.

(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>Year of Grant</u>	<u>Grants Received</u>	<u>Expended 2017-18</u>	<u>Expended 2018-19</u>	<u>Expended 2019-20</u>	<u>Uncommitted Balance at September 30, 2020</u>
2019-21	\$ 907,052	\$ -	\$ -	\$ 907,052	\$ -
2018-20	941,538	-	941,538	-	-
2017-19	917,357	917,357	-	-	-

(11) **Lease Rental Income:**

The Station leases broadcast channels and transmitter tower space to unrelated third parties. Lease rental income totaled \$394,297 and \$393,236 for the years ended September 30, 2020 and 2019, 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, 2020 and 2019.

(12) **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, 2020 and 2019, the Station provided no matching contributions.

(13) **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, 2020 and 2019, WJCT paid \$154,600 to the DCA for the provision of master control services.

WJCT, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019

(13) Consolidated Master Control Arrangement: (Continued)

JCT Services provides operational, management, engineering, and maintenance services for the DCA in exchange for an annual service fee of \$1,442,631, 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.

(14) 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>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 3,602,564	\$ 2,092,781
Accounts receivable	672,383	354,748
Less those unavailable for general expenditures within one year, due to:		
Donor imposed restrictions	1,150,156	1,076,022
Refundable advance	737,400	-
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,387,391</u>	<u>\$ 1,371,507</u>

(15) Refundable Advance:

On April 23, 2020, the Station received loan proceeds in the amount of \$737,400, pursuant to the Paycheck Protection Program (PPP) established as part of the federal Coronavirus Aid, Relief and Economic Security Act (CARES Act). Under the terms of the PPP, loan proceeds and accrued interest are forgivable if they are used for qualifying expenses such as payroll, benefits, rent and utilities, and the Station maintains its payroll levels over a specified period of time as described in the CARES Act. Any unforgiven portion of the loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first ten months after the last day of the loan covered period. Subsequent to year end, it was confirmed that management utilized loan proceeds for purposes consistent with the PPP and the loan was forgiven on November 2, 2020. Accordingly, this is recorded as a refundable advance on the statement of financial position as of September 30, 2020.

(16) Risks and Uncertainties:

During the year ended September 30, 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Station as of January 15, 2021, management believes that a material impact on the Station's financial position and results of future operations is reasonably possible.

SUPPLEMENTAL INFORMATION

EXHIBIT I

WJCT, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2020

ASSETS

	WJCT, Inc.	WJCT Foundation, Inc.	JCT Services, LLC	Consolidating Entries	Consolidated
Current assets					
Cash and cash equivalents	\$ 3,240,803	\$ -	\$ 361,761	\$ -	\$ 3,602,564
Accounts receivable, net	672,383	-	-	-	672,383
Due from related entities	488,580	-	-	(488,580)	-
Broadcasting rights	-	-	-	-	-
Prepaid expenses	64,437	-	-	-	64,437
Total current assets	<u>4,466,203</u>	<u>-</u>	<u>361,761</u>	<u>(488,580)</u>	<u>4,339,384</u>
Noncurrent assets					
Property and equipment, net	7,096,100	-	3,889	-	7,099,989
Investments - charitable gift annuity	178,627	-	-	-	178,627
Beneficial interest in perpetual trust	159,108	-	-	-	159,108
Total noncurrent assets	<u>7,433,835</u>	<u>-</u>	<u>3,889</u>	<u>-</u>	<u>7,437,724</u>
Total Assets	<u><u>\$ 11,900,038</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 365,650</u></u>	<u><u>\$ (488,580)</u></u>	<u><u>\$ 11,777,108</u></u>

LIABILITIES AND NET ASSETS

Current liabilities					
Current portion of capital lease	\$ 44,027	\$ -	\$ 3,447	\$ -	\$ 47,474
Accounts payable and accrued expenses	610,070	-	69,548	-	679,618
Due to related entities	-	6,760	481,820	(488,580)	-
Accrued salaries and wages	166,223	-	-	-	166,223
Deferred support and revenue	266,310	-	361,198	-	627,508
Refundable advance	737,400	-	-	-	737,400
Current portion of gift annuity liability	10,600	-	-	-	10,600
Total current liabilities	<u>1,834,630</u>	<u>6,760</u>	<u>916,013</u>	<u>(488,580)</u>	<u>2,268,823</u>
Long-term liabilities					
Capital lease, less current portion	26,437	-	1,177	-	27,614
Long-term portion of gift annuity liability	96,744	-	-	-	96,744
Total long-term liabilities	<u>123,181</u>	<u>-</u>	<u>1,177</u>	<u>-</u>	<u>124,358</u>
Total liabilities	<u>1,957,811</u>	<u>6,760</u>	<u>917,190</u>	<u>(488,580)</u>	<u>2,393,181</u>
Net assets					
Without donor restrictions	8,792,071	(6,760)	(551,540)	-	8,233,771
With donor restrictions	1,150,156	-	-	-	1,150,156
Total net assets	<u>9,942,227</u>	<u>(6,760)</u>	<u>(551,540)</u>	<u>-</u>	<u>9,383,927</u>
Total Liabilities and Net Assets	<u><u>\$ 11,900,038</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 365,650</u></u>	<u><u>\$ (488,580)</u></u>	<u><u>\$ 11,777,108</u></u>

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

EXHIBIT II

WJCT, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	WJCT, Inc.	WJCT Foundation, Inc.	JCT Services, LLC	Consolidating Entries	Consolidated
Support and revenue					
Grants	\$ 2,113,298	\$ -	\$ -	\$ -	\$ 2,113,298
Membership income	2,264,218	-	-	-	2,264,218
In-kind contributions	958,385	-	-	-	958,385
Underwriting	1,698,263	-	-	-	1,698,263
Change in value of beneficial interest in perpetual trust	13,765	-	-	-	13,765
Change in value of charitable gift annuity	(6,796)	-	-	-	(6,796)
Master control service	135,832	-	1,501,232	(135,832)	1,501,232
Rental income	394,297	-	-	-	394,297
Other	1,633,571	-	30,000	(30,000)	1,633,571
Total support and revenue	<u>9,204,833</u>	<u>-</u>	<u>1,531,232</u>	<u>(165,832)</u>	<u>10,570,233</u>
Expenses					
Program services					
Programming and production	3,264,110	-	-	-	3,264,110
Broadcasting	1,775,394	-	1,499,190	(165,832)	3,108,752
Program information and promotion	100,341	-	-	-	100,341
Total program services	<u>5,139,845</u>	<u>-</u>	<u>1,499,190</u>	<u>(165,832)</u>	<u>6,473,203</u>
Supporting services					
Fundraising and membership development	967,084	-	-	-	967,084
Underwriting and grant solicitation	923,034	-	-	-	923,034
Management and general	712,176	1,600	-	-	713,776
Total supporting services	<u>2,602,294</u>	<u>1,600</u>	<u>-</u>	<u>-</u>	<u>2,603,894</u>
Total expenses	<u>7,742,139</u>	<u>1,600</u>	<u>1,499,190</u>	<u>(165,832)</u>	<u>9,077,097</u>
Increase (decrease) in net assets	1,462,694	(1,600)	32,042	-	1,493,136
Net assets, beginning of year	8,479,533	(5,160)	(583,582)	-	7,890,791
Net assets, end of year	<u><u>\$ 9,942,227</u></u>	<u><u>\$ (6,760)</u></u>	<u><u>\$ (551,540)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,383,927</u></u>

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

EXHIBIT III

**WJCT, INC. AND AFFILIATES
SCHEDULE OF GRANTS - COUNCIL AUDITOR'S OFFICE
CITY OF JACKSONVILLE CULTURAL SERVICES GRANT FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

City of Jacksonville Grant Funding for Fiscal Year Ending September 30, 2020:

Receipt of City Funds:

	<u>FY 2018-2019</u>	<u>FY 2019-2020</u>
Amount of Award	\$ 261,580	\$ 275,396
Amount Received 10/1/18-9/30/19	(261,580)	-
Amount Received 10/1/19-9/30/20	-	(275,396)
Amount Remaining to be Disbursed	<u>\$ -</u>	<u>\$ -</u>

Expenditures of City Funds:

City FY 2018/19 CSGP

<u>Item</u>	<u>Approved Budget</u>	<u>Actual Expenditures 10/1/2018 - 9/30/2019</u>	<u>Remaining Balance</u>
Program Costs	<u>\$ 261,580</u>	<u>\$ 261,580</u>	<u>\$ -</u>

City FY 2019/20 CSGP

<u>Item</u>	<u>Approved Budget</u>	<u>Actual Expenditures 10/1/2019 - 9/30/2020</u>	<u>Remaining Balance</u>
Program Costs	<u>\$ 275,396</u>	<u>\$ 275,396</u>	<u>\$ -</u>

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

EXHIBIT IV

WJCT-TV
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY WJCT, INC. AND AFFILIATES
SCHEDULE OF REVENUES AND EXPENSES
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Support and revenue		
Support		
Community service grants donated by the Corporation for Public Broadcasting	\$ 739,680	\$ 771,219
Other Corporation for Public Broadcasting grants	241,706	41,698
Other grants	460,465	326,724
Community service grants donated by the Department of Education, State of Florida	240,300	310,686
Membership income	1,181,152	1,183,564
In-kind contributions	740,331	450,295
Total support	<u>3,603,634</u>	<u>3,084,186</u>
Revenue		
Underwriting	461,393	656,626
Production	-	-
Change in value of beneficial interest in perpetual trust	13,765	903
Change in value of charitable gift annuity	(6,796)	(10,373)
Master control service	1,667,064	1,455,808
Rental income	324,631	322,479
Other	1,551,854	998,352
Total revenue	<u>4,011,911</u>	<u>3,423,795</u>
Total support and revenue	<u>7,615,545</u>	<u>6,507,981</u>
Expenses		
Program services		
Programming and production	2,611,288	2,439,854
Broadcasting	1,420,315	1,468,945
Program information and promotion	60,205	46,631
Total program services	<u>4,091,808</u>	<u>3,955,430</u>
Supporting services		
Fundraising and membership development	580,250	593,993
Underwriting and grant solicitation	553,820	655,651
Management and general	427,306	449,247
Total supporting services	<u>1,561,376</u>	<u>1,698,891</u>
Total expenses	<u>\$ 5,653,184</u>	<u>\$ 5,654,321</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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Support and revenue		
Support		
Community service grants donated by the Corporation for Public Broadcasting	\$ 167,372	\$ 170,319
Other Corporation for Public Broadcasting grants	75,000	-
Other grants	113,775	-
Community service grants donated by the Department of Education, State of Florida	75,000	100,000
Membership income	1,083,066	1,015,194
In-kind contributions	218,054	140,960
Total support	<u>1,732,267</u>	<u>1,426,473</u>
Revenue		
Underwriting	1,236,870	1,321,112
Rental income	69,666	70,757
Other	81,717	697,614
Total revenue	<u>1,388,253</u>	<u>2,089,483</u>
Total support and revenue	<u>3,120,520</u>	<u>3,515,956</u>
Expenses		
Program services		
Programming and production	652,822	609,964
Broadcasting	355,079	367,236
Program information and promotion	40,136	31,088
Total program services	<u>1,048,037</u>	<u>1,008,288</u>
Supporting services		
Fundraising and membership development	386,834	395,995
Underwriting and grant solicitation	369,214	437,100
Management and general	284,870	299,498
Total supporting services	<u>1,040,918</u>	<u>1,132,593</u>
Total expenses	<u><u>\$ 2,088,955</u></u>	<u><u>\$ 2,140,881</u></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, 2020, 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, 2021.

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.

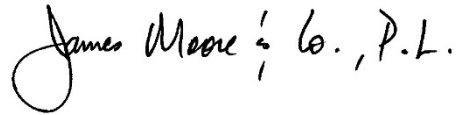
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given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

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 15, 2021