The Greater Washington Educational Telecommunications Association, Inc. and Subsidiary

Consolidated Financial Report
June 30, 2022

Contents

Independent Auditor's Report

Board of Trustees
The Greater Washington Educational Telecommunications Association, Inc.

Report on the Audit of the Financial Statements

Opinion
We have audited the consolidated financial statements of the Greater Washington Educational Telecommunications Association, Inc. and Subsidiary (the Organization), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, 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 (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021, 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). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 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 financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Supplementary Information
Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

RSM US LLP

McLean, Virginia
November 16, 2022

The Greater Washington Educational Telecommunications Association, Inc. and Subsidiary

Consolidated Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	**$ 40,203,895**	$ 54,191,319
Receivables, net	**22,301,037**	23,660,303
Investments	**60,262,824**	69,656,729
Deferred compensation investments	**1,982,975**	2,336,769
Prepaid expenses and other assets	**2,039,445**	1,559,408
Film assets	**40,435,871**	46,757,844
Property and equipment, net	**29,587,676**	10,306,934
Total assets	**$ 196,813,723**	$ 208,469,306
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	**$ 11,683,853**	$ 6,781,734
Deferred revenue	**756,131**	265,169
Deferred gain on sale of assets	**4,699,523**	6,026,447
Refundable advances	**6,804,781**	5,402,451
Deferred compensation liability	**1,982,975**	2,336,769
Loan payable	**-**	696,491
Total liabilities	**25,927,263**	21,509,061
Commitments and contingencies (Notes 7 and 12)		
Net assets:		
Without donor restrictions:		
Undesignated	**18,561,148**	15,966,455
Board designated	**27,359,181**	30,346,144
Total net assets without donor restrictions	**45,920,329**	46,312,599
With donor restrictions	**124,966,131**	140,647,646
Total net assets	**170,886,460**	186,960,245
Total liabilities and net assets	**$ 196,813,723**	$ 208,469,306

See notes to consolidated financial statements.

The Greater Washington Educational Telecommunications Association, Inc. and Subsidiary

Consolidated Statements of Activities
Years Ended June 30, 2022 and 2021

	2022	2021
Changes in net assets without donor restrictions:		
Revenues and other support, including amounts released from restrictions:		
Production funding from Public Broadcasting System	**$ 26,397,758**	$ 31,460,816
Corporate underwriting and funding	**6,456,896**	7,317,206
Membership and individual contributions	**28,270,544**	25,612,783
Foundations and nonprofit organization contributions	**2,663,761**	2,286,525
Federal, state and local government grants	**2,121,137**	1,868,115
Rental income and other	**2,084,625**	5,614,156
In-kind rental income and other	**254,950**	819,833
Net assets released from restrictions:		
Production funding from Public Broadcasting System	**10,338,135**	8,490,160
Corporate underwriting and funding	**9,709,785**	11,015,382
Membership and individuals contributions	**5,140,464**	3,971,025
Foundations and nonprofit organizations	**38,498,929**	21,155,607
Federal, state and local government grants	**337,033**	741,411
In-kind rental income and other	**200,000**	91,667
Total net assets released from restrictions	**64,224,346**	45,465,252
Total revenues and other support without donor restrictions	**132,474,017**	120,444,686
Expenses:		
National programming and productions	**80,785,676**	70,559,280
Television broadcast operations	**12,690,750**	13,882,313
Radio broadcast operations	**2,939,611**	2,660,623
Promotion, education and outreach	**7,988,558**	5,708,932
Fundraising and membership development	**8,256,240**	6,838,458
Underwriting and grant solicitation	**2,679,169**	3,094,019
Management and general	**12,102,423**	11,605,683
Total expenses	**127,442,427**	114,349,308
Change in net assets without donor restrictions before other changes	**5,031,590**	6,095,378
Other changes:		
Net investment (loss) return	**(4,457,143)**	5,919,836
Loss on disposal of property and equipment	**(369,525)**	(1,398)
Amortization of gain on sale of production center	**1,326,924**	608,174
Depreciation and amortization	**(1,539,342)**	(1,730,711)
Interest expense	**(5,945)**	(25,167)
Property tax expense	**(377,109)**	(478,183)
Other nonoperating income	**(1,720)**	-
Total other changes	**(5,423,860)**	4,292,551
Total change in net assets without donor restrictions	**(392,270)**	10,387,929
Changes in net assets with donor restrictions:		
Television production and other restricted contributions	**54,720,226**	67,760,247
In-kind rental income and other	**200,000**	91,667
Endowment investment (loss) return	**(5,258,784)**	7,519,482
Endowment distributions	**(1,221,880)**	(530,500)
Endowment gifts	**103,269**	100,000
Net assets released from restrictions	**(64,224,346)**	(45,465,252)
Total change in net assets with donor restrictions	**(15,681,515)**	29,475,644
Change in net assets	**(16,073,785)**	39,863,573
Net assets:		
Beginning	**186,960,245**	147,096,672
Ending	**$ 170,886,460**	$ 186,960,245

See notes to consolidated financial statements.

The Greater Washington Educational Telecommunications Association, Inc. and Subsidiary

Consolidated Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services					Supporting Services				
	National Programming and Productions	Television Broadcast Operations	Radio Broadcast Operations	Promotion, Education and Outreach	Total Program Services	Fundraising and Membership Development	Underwriting and Grant Solicitation	Management and General	Total Support Services	Total Expenses
Compensation of officers and directors	$ 2,934,422	$ 332,039	$ -	$ -	$ 3,266,461	$ -	$ -	$ 2,064,244	$ 2,064,244	$ 5,330,705
Other salaries and wages	19,994,037	1,910,161	1,835,753	3,675,266	27,415,217	2,368,099	1,374,714	3,575,015	7,317,828	34,733,045
Retirement plan contributions	1,605,430	202,916	143,569	272,948	2,224,863	181,260	85,829	334,178	601,267	2,826,130
Other employee benefits	2,435,056	307,775	217,761	413,997	3,374,589	274,929	130,183	506,869	911,981	4,286,570
Payroll taxes	1,488,857	188,182	133,145	253,128	2,063,312	168,099	79,597	309,913	557,609	2,620,921
Accounting fees	-	-	-	-	-	-	-	112,683	112,683	112,683
Legal fees	-	-	-	-	-	-	10	159,151	159,161	159,161
Other professional fees	520,456	68,455	3,540	50,005	642,456	856,732	275,000	567,039	1,698,771	2,341,227
Supplies	154,624	5,297	21,930	137,886	319,737	15,173	7,502	279,878	302,553	622,290
Occupancy	639,356	449,726	157,294	-	1,246,376	3,219	-	1,237,697	1,240,916	2,487,292
Telephone	147,619	72,423	34,549	4,157	258,748	65,695	157	193,343	259,195	517,943
Postage and shipping	39,055	1,989	383	280,880	322,307	930,491	648	10,050	941,189	1,263,496
Equipment rental and maintenance	267,532	94,432	65,062	15,539	442,565	19,363	4,478	185,962	209,803	652,368
Printing and publications	27,256	549	-	420,931	448,736	1,047,155	432	3	1,047,590	1,496,326
Travel	1,104,019	5,450	2,884	79,394	1,191,747	10,261	250,209	5,434	265,904	1,457,651
Conferences, conventions and meetings	61,402	1,099	-	167,088	229,589	35,381	25	13,615	49,021	278,610
Production and acquisition costs	47,191,337	3,404,652	173,322	1,129,580	51,898,891	142,352	-	51,457	193,809	52,092,700
Station support	739,679	-	-	-	739,679	-	-	-	-	739,679
Public Broadcasting Service dues	-	5,210,681	-	-	5,210,681	-	-	-	-	5,210,681
Advertising and promotions	227,006	19,215	1,266	912,302	1,159,789	309,294	6,946	236	316,476	1,476,265
Memberships and affiliations	8,164	5,432	24,725	2,280	40,601	21,353	1,436	174,392	197,181	237,782
All other expenses	1,200,369	410,277	124,428	173,177	1,908,251	1,807,384	462,003	2,321,264	4,590,651	6,498,902
Total expenses before other changes	80,785,676	12,690,750	2,939,611	7,988,558	104,404,595	8,256,240	2,679,169	12,102,423	23,037,832	127,442,427
Property tax expense	-	-	23,662	-	23,662	-	-	353,447	353,447	377,109
Interest expense	-	-	-	-	-	-	-	5,945	5,945	5,945
Depreciation and amortization	572,779	142,992	216,298	4,615	936,684	-	-	602,658	602,658	1,539,342
Other non-operating expense	339	-	-	-	339	-	-	1,381	1,381	1,720
Grand totals	$ 81,358,794	$ 12,833,742	$ 3,179,571	$ 7,993,173	$ 105,365,280	$ 8,256,240	$ 2,679,169	$ 13,065,854	$ 24,001,263	$ 129,366,543

See notes to consolidated financial statements.

The Greater Washington Educational Telecommunications Association, Inc. and Subsidiary

Consolidated Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services					Supporting Services				
	National Programming and Productions	Television Broadcast Operations	Radio Broadcast Operations	Promotion, Education and Outreach	Total Program Services	Fundraising and Membership Development	Underwriting and Grant Solicitation	Management and General	Total Support Services	Total Expenses
Compensation of officers and directors	$ 3,028,045	$ 275,819	$ -	$ -	$ 3,303,864	$ -	$ -	$ 1,602,836	$ 1,602,836	$ 4,906,700
Other salaries and wages	18,631,491	2,350,219	1,645,837	2,726,815	25,354,362	2,109,955	1,184,560	4,388,926	7,683,441	33,037,803
Retirement plan contributions	1,599,218	217,532	134,469	222,013	2,173,232	174,702	79,865	343,691	598,258	2,771,490
Other employee benefits	2,280,924	310,260	191,789	316,652	3,099,625	249,173	113,910	490,197	853,280	3,952,905
Payroll taxes	1,408,971	191,654	118,472	195,602	1,914,699	153,919	70,364	302,804	527,087	2,441,786
Accounting fees	-	-	-	-	-	-	-	112,998	112,998	112,998
Legal fees	5	-	-	900	905	-	-	81,969	81,969	82,874
Other professional fees	533,150	6,000	17,268	20,559	576,977	506,514	256,000	330,057	1,092,571	1,669,548
Supplies	151,921	10,671	15,741	89,773	268,106	10,332	1,256	279,228	290,816	558,922
Occupancy	1,100,395	441,163	186,149	-	1,727,707	1,007	-	1,690,997	1,692,004	3,419,711
Telephone	174,018	69,747	35,841	9,260	288,866	78,746	-	157,660	236,406	525,272
Postage and shipping	33,388	2,514	328	253,201	289,431	858,772	612	7,137	866,521	1,155,952
Equipment rental and maintenance	311,673	141,739	43,016	13,666	510,094	185,465	5,128	229,106	419,699	929,793
Printing and publications	41,071	-	-	321,122	362,193	438,825	430	172	439,427	801,620
Travel	468,169	1,213	3,142	11,675	484,199	1,573	-	715	2,288	486,487
Conferences, conventions and meetings	27,595	-	-	(1,625)	25,970	3,217	69	3,685	6,971	32,941
Station support	679,670	-	-	-	679,670	-	-	-	-	679,670
Production and acquisition costs	38,273,504	2,651,223	137,662	589,913	41,652,302	109,562	80,685	707,178	897,425	42,549,727
Public Broadcasting Service dues	-	6,753,923	-	-	6,753,923	-	-	-	-	6,753,923
Advertising and promotions	286,941	25,234	-	695,593	1,007,768	440,429	125,607	-	566,036	1,573,804
Memberships and affiliations	5,020	705	11,615	1,845	19,185	26,107	4,158	150,331	180,596	199,781
All other expenses	1,524,111	432,697	119,294	241,968	2,318,070	1,490,160	1,171,375	725,996	3,387,531	5,705,601
Total expenses before other changes	70,559,280	13,882,313	2,660,623	5,708,932	92,811,148	6,838,458	3,094,019	11,605,683	21,538,160	114,349,308
Property tax expense	108,255	-	23,636	(22)	131,869	-	-	346,314	346,314	478,183
Interest expense	-	-	-	-	-	-	-	25,167	25,167	25,167
Depreciation and amortization	735,873	146,635	223,460	1,667	1,107,635	24,722	-	598,354	623,076	1,730,711
Grand totals	$ 71,403,408	$ 14,028,948	$ 2,907,719	$ 5,710,577	$ 94,050,652	$ 6,863,180	$ 3,094,019	$ 12,575,518	$ 22,532,717	$ 116,583,369

See notes to consolidated financial statements.

The Greater Washington Educational Telecommunications Association, Inc. and Subsidiary

Consolidated Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ (16,073,785)	$ 39,863,573
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,539,342	1,730,711
Unrealized and realized loss (gain) on investments	10,875,420	(12,378,388)
Change in unamortized discount on grants and contributions receivable	87,117	44,997
Change in provision for uncollectible accounts and contributions receivable	(9,780)	(129,737)
Loss on disposal of property and equipment	369,525	188,648
Amortization of gain on sale of production center	(1,326,924)	(608,174)
Changes in assets and liabilities:		
(Increase) decrease in:		
Receivables	1,281,929	3,487,572
Prepaid expenses and other assets	(480,037)	181,518
Film assets	6,321,973	(1,125,337)
Increase (decrease) in:		
Accounts payable and accrued expenses	3,564,021	1,975,614
Refundable advances	1,402,330	(6,430,390)
Deferred revenue	490,962	(33,178)
Net cash provided by operating activities	8,042,093	26,767,429
Cash flows from investing activities:		
Purchases of investment securities	(11,112,026)	(1,783,216)
Sales of investment securities	9,630,511	547,085
Cash proceeds from sale of production center	-	7,812,750
Purchases of property and equipment	(19,851,511)	(2,474,992)
Net cash (used in) provided by investing activities	(21,333,026)	4,101,627
Cash flows from financing activities:		
Payments on loan payable	(696,491)	(1,025,288)
Net cash used in financing activities	(696,491)	(1,025,288)
Net (decrease) increase in cash and cash equivalents	(13,987,424)	29,843,768
Cash and cash equivalents:		
Beginning	54,191,319	24,347,551
Ending	$ 40,203,895	$ 54,191,319
Supplemental disclosure of cash flow information:		
Interest paid	$ 5,945	$ 28,366
Supplemental schedule of noncash financing activities		
Property and equipment purchases included in accounts payable and accrued expenses	$ 1,338,098	$ -

See notes to consolidated financial statements.

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: The Greater Washington Educational Telecommunications Association, Inc. (WETA) is a nonprofit Washington, D.C. corporation chartered in 1953 to operate a public television and public FM radio station.

NewsHour Productions LLC, a wholly owned subsidiary of WETA, was formed in May 2014, for the primary business purpose of producing the PBS NewsHour program and other related activities. NewsHour Productions LLC is a single member limited liability company (NHP LLC) with WETA as its sole member. WETA and NHP LLC are collectively referred to as the Organization. NHP LLC is consolidated with WETA for financial statement and tax purposes.

The following program and supporting services are included in the consolidated statements of functional expenses.

National programming and productions: This program includes national program development, NewsHour productions, and the production center facility.

Television broadcast operations: This program includes TV station program acquisition and scheduling functions, as well as the master control and engineering functions related to television.

Radio broadcast operations: This program includes radio station program acquisition and scheduling functions, as well as the FM studio and engineering functions related to radio.

Promotion, education and outreach: This program includes communications, learning media and audience services.

Fundraising and membership development: This supporting service category includes the departments focused on raising a high volume of relatively low dollar membership gifts from individuals, as well as major giving.

Underwriting and grant solicitation: This supporting service category includes foundation and government development, and local and national corporate program and production underwriting.

Management and general: This supporting service category includes the functions necessary to support the proper administrative functioning of the Organization such as human resources, management information systems, accounting and finance, legal, executive offices and facilities.

A summary of the Organization's significant accounting policies follows:

Principles of consolidation: The consolidated financial statements include the accounts of WETA and NHP LLC, collectively the Organization. Intercompany balances and transactions have been eliminated in consolidation.

Basis of presentation: The consolidated financial statements presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (the Codification). As required by the Not-for-Profit Entities topics of the Codification, balance sheets and income statements, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Financial risk: The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant financial risk on cash.

The Organization invests in a professionally managed portfolio that contains various securities that are exposed to risks, such as interest, market and credit. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near-term could materially affect investment balances and the amounts reported in the consolidated financial statements.

Cash and cash equivalents: The Organization considers highly liquid investments with an original maturity of three months or less at the date of purchase to be cash equivalents except for the cash accounts held as part of investments.

Receivables: Receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history and current economic conditions. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. The provision for doubtful accounts, based on management's evaluation of collectability, was $120,676 and $130,456 at June 30, 2022 and 2021, respectively.

Contracts balances: The timing of revenue recognition may not align with the right to invoice. The Organization records accounts receivable when it has the unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized. If revenue has not yet been recognized, a contract liability (deferred revenue) also is recorded. If revenue is recognized in advance of the right to invoice, a contract asset (unbilled receivable) is recorded. As of July 1, 2020, such balances included accounts receivable of $6,157,358 and deferred revenue of $0.

Investments: Investments in marketable equity securities and all debt securities are carried at fair value. Realized gains and losses from sales of investments and unrealized gains and losses from market fluctuations of the underlying investments are included in the consolidated statements of activities during the period in which they occur.

Film assets: The Organization capitalizes the production cost of television programs. The capitalized costs are direct costs of production and production overhead. The costs are recognized as expense when the program segment is first aired. All film assets are for direct-to-television projects and all capitalized film assets relate to projects which have not aired at June 30, 2022 and 2021. The Organization expects approximately $10,440,000 and $16,355,000 of film assets to be expensed during the years ending June 30, 2023 and 2024, respectively.

Property and equipment: Property and equipment is recorded at cost. Contributed property is recorded at the estimated fair value at the date of contribution. The Organization capitalizes all expenditures for property and equipment over $5,000. The useful life of the asset is determined on a case-by-case basis, and the estimated useful lives currently range from 1 to 31.5 years. Depreciation and amortization is calculated using the straight-line method over the estimated useful lives of the assets. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed from the accounts, and any remaining gain or loss is included in operations. Repairs and maintenance are charged to expense when incurred. Fixed assets purchased, but not yet placed in service consists of costs for the construction of the connector building and other renovations.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Valuation of long-lived assets: The Organization accounts for the valuation of long-lived assets by reviewing such assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an assets may not be recoverable. Recoverability of the long-lived asset is measured by comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

Deferred revenue: Deferred revenue represents receipts for local broadcast underwriting in advance of the revenue being earned.

Deferred gain on sale of assets: Deferred gain on sale of assets represents the unamortized portion of the Organization's gain from a sale of assets due to the Organization entering into a leaseback transaction at the time of the sale.

Refundable advances: Represents cash received from grantors for which some or all of the grant conditions were not yet met. Conditions of a grant primarily include completion of project tasks and related expenditures as well as the right of return for funds transferred if all conditions are not met.

Conditional awards as a resource provider: The Organization records awards issued as conditional when there is a barrier and a right of release or return. The Organization records the expense as barriers are substantially met.

Net assets: Unconditional contributions are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions. Revenue is reported as an increase in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. All expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as an increase or decrease in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Net assets with donor restrictions: Net assets subject to donor-imposed restrictions that may or will be met either by the actions of the Organization and/or the passage of time. Releases of restrictions on net assets are reported as releases from net assets with donor restrictions to net assets without donor restrictions when the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed. Certain net assets with donor restrictions must be held in perpetuity by the Organization.

Endowment: The Organization's endowment consists of individual funds established for a variety of purposes that are subject to varying levels of donor-imposed restrictions and funds designated by the Board of Trustees.

The Organization classifies amounts restricted by the donor to be preserved in perpetuity as net assets with donor restrictions. Earnings from all donor-restricted funds are classified as net assets with donor restrictions until such time as they are appropriated for use. Both the principal and earnings of Board-designated funds are classified as net assets without donor restrictions. Investment income and investment gains and losses are attributed to individual endowment funds in proportion to their pro rata share of the investment balance at the beginning of the fiscal year.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Revenue recognition: The Organization's revenue streams from contracts with customers are composed of certain production funding, certain corporate underwriting, rental income, royalty revenue, ancillary, and other revenue. The Organization earned approximately $17,900,000 and $27,000,000 in production funding from contracts with customers during the years ended June 30, 2022 and 2021, respectively. The Organization earned approximately $5,200,000 and $5,000,000 in corporate underwriting from contracts with customers during the years ended June 30, 2022 and 2021, respectively. The Organization's revenue is recognized when a given performance obligation is satisfied, either over a period of time or at a point in time. The Organization's revenue under contract with customers is earned in the United States and the majority of customers are corporate partners and supporters of the Organization.

Production funding and corporate underwriting from contracts with customers are recognized at the time the related production airs. Rental income is recognized over the lease period as the rental services are provided. Royalty includes copyright administration provided to member stations and is recognized ratably over the contract period. Ancillary and other revenue are earned and recognized when the goods and services are rendered. Rental, royalty, ancillary and other revenues are presented as rental income and other on the accompanying consolidated statements of activities.

The Organization's revenue from contracts with customers are generally for one year or less. The contracts do not include significant financing components and do not have variable considerations. The Organization did not have any impairment or credit losses on any receivables or contract assets arising from contracts with customers. The primary factor affecting future revenue and cash inflows is corporate advertising. Management does not believe there is a material risk of loss for future revenue and cash inflows related to corporate advertising.

Grants and contributions: The Organization receives contributions and grants from entities to underwrite the cost of some of its programs and productions. Unconditional grants and contributions are recognized when received and are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor-restricted revenue is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Conditional grant and contribution revenue is recorded only to the extent that barriers, such as qualifying expenditures, have been substantially satisfied, in accordance with the agreements. Conditional grant and contribution revenue where donor restrictions are satisfied as barriers are substantially met are recorded with net assets without donor restrictions. If advances of funds are received for these agreements, the amount received is initially recorded as refundable advances in the consolidated statements of financial position. As qualifying expenses are incurred and the barriers are met, revenue is also recorded in the same amount by reducing refundable advances.

Membership and contributions from individuals are unconditional contributions, which include unconditional contributions receivable, are recognized as support at the earlier of the period received or when the promise is made. Conditional promises to give are not included as revenue until the barriers are substantially met.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Contributed services, materials and equipment: The Organization receives contributed goods and services from outside sources to assist with outreach, education, fundraising and advertising. Such goods and services include, but are not limited to, airfare, advertising and other services. These amounts are recorded at fair value in the accompanying consolidated statements of activities. For goods, the fair value is based on actual cost as provided by the donor or an approximation of average cost based on the Organization's research of similar products sold in the United States. For services, the Organization utilizes the actual market rate provided by the donor or an approximation of the market rate for similar services based on the Organization's research of similar services in the Washington, D.C. metropolitan area. The related expenses are recorded in the accompanying consolidated statements of functional expenses as follows. For the year ended June 30, 2022, contributed services include: rent expense of $200,000, and travel and entertainment of $254,950, included within the occupancy, production and acquisition expense line items of the accompanying consolidated statements of functional expenses. For the year ended June 30, 2021, contributed services include: rent expense $91,667 and advertising expense $111,500, included within the occupancy, advertising and promotion expense line items of the accompanying consolidated statements of functional expenses.

Functional allocation of expenses: The costs of providing various program and supporting activities have been summarized on a functional basis in the accompanying consolidated statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Overhead costs such as depreciation, benefits, occupancy, telephone, rent and utilities have been allocated based on personnel costs and employee headcount.

Use of estimates: The preparation of the consolidated financial statements in conformity with generally accepted accounting principles (GAAP) 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 consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Advertising: Advertising expenditures are expensed as incurred. Advertising expense was $1,476,265 and $1,573,804 for the years ended June 30, 2022 and 2021, respectively.

Income taxes: WETA is recognized as exempt from federal income taxes, except on unrelated activities, under Internal Revenue Code (IRC) Section 501(c)(3). The Internal Revenue Service has also determined that WETA is not a private foundation. NHP LLC is a single member LLC and is a disregarded entity for federal income tax purposes.

Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the consolidated financial statements.

Recent accounting pronouncement adopted: In September 2020, FASB issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets,* which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contribution of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. The Organization adopted ASU 2020-07 on a retrospective basis during the year ended June 30, 2022, which resulted in expanded disclosures.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Pending accounting pronouncements: In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheets for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities. The ASU is effective for annual reporting periods beginning after December 15, 2021. The Organization is currently evaluating the impact of the pending adoption of the new standard on the consolidated financial statements.

Reclassifications: Certain reclassifications to the 2021 balances have been made in the accompanying financial statements to make them consistent with the 2022 presentation. These reclassifications had no effect on previously reported change in net assets.

Subsequent events: The Organization has evaluated subsequent events through November 16, 2022, the date on which the consolidated financial statements were available to be issued. The Organization obtained a revolving line of credit with Bank of America in the amount of $10,000,000 on August 1, 2022 that expires on August 1, 2025. The Organization had no outstanding amounts due under the line of credit at June 30, 2022. There were no advances taken through November 16, 2022.

No other material subsequent events were noted that required disclosure in or adjustment to the consolidated financial statements.

Note 2. Liquidity

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. As of June 30, 2022 and 2021, financial assets available to meet general expenditures over the next 12 months consist of the following:

	2022	2021
Cash and cash equivalents	$ 40,203,895	$ 54,191,319
Receivables, net	22,301,037	23,660,303
Investments	60,262,824	69,656,729
Total financial assets at year-end	122,767,756	147,508,351
Less amounts not available to be used within one year:		
Board designated funds	(27,359,181)	(30,346,144)
Donor restricted funds, net of film assets	(84,530,260)	(93,889,802)
Financial assets not available to be used for general expenditures	(111,889,441)	(124,235,946)
Financial assets available to meet general expenditures over the next 12 months	$ 10,878,315	$ 23,272,405
Donor restricted funds	$ (124,966,131)	$ (140,647,646)
Film assets	40,435,871	46,757,844
Donor restricted funds, net of film assets	$ (84,530,260)	$ (93,889,802)

Note 2. Liquidity (Continued)

The Organization also has a line of credit with $4,000,000 in unused funds available as of June 30, 2022, that will expire on January 31, 2023. As of August 1, 2022, the Organization obtained a $10,000,000 line of credit.

Note 3. Receivables

Receivables are comprised of the following amounts at June 30, 2022 and 2021:

	2022	2021
Unconditional grants and contributions, net	$ 15,836,048	$ 21,106,972
Accounts receivable	5,985,913	1,768,767
Federal billed and unbilled	479,076	784,564
Receivables, net	$ 22,301,037	$ 23,660,303

Unconditional contributions that are expected to be received more than one year into the future are discounted using weighted-average risk-free rates ranging from 2.42% to 0.55% for the years ended June 30, 2022 and 2021, respectively. Amortization of the discount is recorded as additional contribution revenue, typically ratably, and is used in accordance with donor-imposed restrictions, if any, on the contributions. When necessary, an allowance is made for uncollectible contributions, based upon management's judgment, past collection experience, and other relevant factors. For the years ended June 30, 2022 and 2021, the Organization wrote off $0 and $176,084 of receivables, respectively.

Unconditional grants and contributions receivable are expected to be collected over the following periods:

	2022	2021
Due in less than one year	$ 12,527,573	$ 14,013,494
Due after one year and before five years	3,584,932	7,292,598
Discount of long-term receivables	(155,781)	(68,664)
Allowance for doubtful accounts	(120,676)	(130,456)
Unconditional grants and contributions receivable, net	$ 15,836,048	$ 21,106,972

Long-term receivables arise primarily from grants and contributions restricted to fund television projects, which often have multiyear production schedules.

Conditional grants are recognized as revenue when the specific barriers detailed in the grant, such as incurring allowable expenses, are substantially met. At June 30, 2022, the Organization had approximately $15,270,000 of outstanding conditional contributions not reported in the accompanying consolidated financial statements. Refundable advances are recorded when a grantor makes a cash advance payment on a conditional grant and the Organization has not yet met the stipulated barriers and are presented on the accompanying consolidated statements of financial position.

The Organization receives support in the form of contributions from its Board members in the ordinary course of business.

Note 4. Investments and Fair Value Measurement

The Organization follows the Codification topic, Fair Value Measurement. The topic applies to all assets and liabilities that are being measured and reported on a fair value basis. The topic establishes a framework for measuring fair value in accordance with GAAP and expands disclosure about fair value measurements. The topic enables the reader of the consolidated financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The topic requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities that are subject to the topic. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 1. The Organization had no Level 2 or Level 3 investments at June 30, 2022 and 2021.

The tables below present the balances of assets and liabilities at June 30, 2022 and 2021, measured at fair value on a recurring basis by level within the hierarchy:

	2022			
		Investments at Fair Value		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Total
Asset category:				
Money market fund:	$ 5,227,869	$ -	$ -	$ 5,227,869
Equity mutual and exchange traded funds:				
Large blend	20,010,839	-	-	20,010,839
International growth and value	12,106,399	-	-	12,106,399
Small cap blend	45,677	-	-	45,677
Mid cap blend	152,905	-	-	152,905
Emerging markets	45,161	-	-	45,161
Real estate	36,626	-	-	36,626
	32,397,607	-	-	32,397,607
Fixed income mutual funds:				
Intermediate term	20,120,775	-	-	20,120,775
Short-term	4,473,458	-	-	4,473,458
High yield	26,090	-	-	26,090
	24,620,323	-	-	24,620,323
Total assets at fair value	$ 62,245,799	$ -	$ -	$ 62,245,799
Total investments at fair value				$ 60,262,824
Total deferred compensation investments at fair value				1,982,975
				$ 62,245,799
Liabilities:				
Deferred compensation plan liabilities	$ -	$ 1,982,975	$ -	$ 1,982,975
Total liabilities at fair value	$ -	$ 1,982,975	$ -	$ 1,982,975

Note 4. Investments and Fair Value Measurement (Continued)

	2021			
	Investments at Fair Value			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)	Total
Asset category:				
Money market fund:	$ 282,451	$ -	$ -	$ 282,451
Equity mutual and exchange traded funds:				
Large blend	27,092,929	-	-	27,092,929
International growth and value	16,069,340	-	-	16,069,340
Small cap blend	47,924	-	-	47,924
Mid cap blend	202,121	-	-	202,121
Emerging markets	58,851	-	-	58,851
Real estate	40,920	-	-	40,920
	43,512,085	-	-	43,512,085
Fixed income mutual funds:				
Intermediate term	23,216,379	-	-	23,216,379
Short-term	4,951,803	-	-	4,951,803
High yield	30,780	-	-	30,780
	28,198,962	-	-	28,198,962
Total assets at fair value	$ 71,993,498	$ -	$ -	$ 71,993,498
Total investments at fair value				$ 69,656,729
Total deferred compensation investments at fair value				2,336,769
				$ 71,993,498
Liabilities:				
Deferred compensation plan liabilities	$ -	$ 2,336,769	$ -	$ 2,336,769
Total liabilities at fair value	$ -	$ 2,336,769	$ -	$ 2,336,769

The money market, mutual and exchange traded funds are considered Level 1 assets as they are actively traded on public exchanges. The deferred compensation plan liabilities are based on the fair value of the deferred compensation plan assets, which are observable inputs; however, the liabilities are not publicly traded and are, therefore, considered Level 2 items.

Note 4. Investments and Fair Value Measurement (Continued)

Investment income, net of management fees consists of the following for the years ended June 30, 2022 and 2021:

	2022	2021
Unrealized and realized (loss) gain	$ (10,875,420)	$ 12,378,388
Interest and dividends	1,228,258	1,116,066
Investment management fees	(68,765)	(55,136)
	$ (9,715,927)	$ 13,439,318
Net investment (loss) return	$ (4,457,143)	$ 5,919,836
Endowment investment (loss) return	(5,258,784)	7,519,482
	$ (9,715,927)	$ 13,439,318

Note 5. Property and Equipment

Property and equipment consists of the following at June 30, 2022 and 2021:

	2022	2021
Production and other equipment	$ 31,061,675	$ 33,162,126
Building and improvements	15,615,248	16,427,775
Land	1,773,006	1,773,006
Fixed assets purchased, but not yet placed in service	23,255,186	2,737,298
	71,705,115	54,100,205
Less accumulated depreciation and amortization	(42,117,439)	(43,793,271)
Property and equipment, net	$ 29,587,676	$ 10,306,934

Depreciation and amortization expense was $1,539,342 and $1,730,711 for the years ended June 30, 2022 and 2021, respectively.

In January 2021, the Organization sold the production center building for $8,000,000. The sale included a leaseback agreement for five years at a rate less than fair value. The gain on the sale of $6,634,621 is being amortized over the life of the leaseback agreement. At June 30, 2021, the Organization recorded deferred revenue—gain from sale of production center of $6,026,447 and recognized $608,174 of related amortized gain. The Organization recorded a promise to give of $800,000 for the donated rent below fair value and recognized in-kind rent expense of $91,667 in the accompanying consolidated financial statements. As of June 30, 2022, the balance of the deferred gain on sale of assets was $4,699,523, with $1,326,924 of amortization incurred during the year ended June 30, 2022.

Note 6. Loan Payable

The Organization had a commercial, unsecured loan agreement with Bank of America. The loan agreement had a fixed interest rate of 2.23% per annum. The loan was paid off in February 2022.

Interest expense on the loan payable totaled $5,945 and $25,167 for the years ended June 30, 2022 and 2021, respectively.

Note 7. Line of Credit

The Organization has a revolving line of credit with Bank of America in the amount of $4,000,000 that expires on January 31, 2023. The Organization had no outstanding amounts due under the line of credit at June 30, 2022 and 2021.

In October 2021, the Organization received an irrevocable standby letter of credit with Bank of America up to the amount of $103,200 available should the developer fail to comply with the conditions of the survey tree protection plan and tree protection bond. The County Board of Arlington County c/o Subdivision and Bonds Administrator is the beneficiary.

Note 8. Retirement Plan

The Organization provides retirement benefits for substantially all of its employees through a 403(b) defined contribution savings plan. The Organization's financial liability under this plan is limited to current contributions. Total employer contributions to the plan were $2,826,130 and $2,771,490 for the years ended June 30, 2022 and 2021, respectively.

Note 9. Deferred Compensation Plan

The Organization has a 457(b) deferred compensation plan (the Plan). The Plan is intended to be a deferred compensation plan for corporate officers of the Organization in accordance with Section 457(b) of the IRC. The recorded asset and liability for the deferred compensation plan was $1,982,975 and $2,336,769 for the years ended June 30, 2022 and 2021, respectively.

Note 10. Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2022 and 2021, are available for the following purposes:

	2022	2021
Programmatic and time restrictions:		
National television production	$ 59,171,812	$ 72,628,085
Capital building project	28,753,249	25,431,986
Local broadcasting	3,869,363	3,786,135
Learning media projects	1,693,074	945,412
Total programmatic and time restrictions	93,487,498	102,791,618
Donor-restricted endowment funds:		
The Leonore Annenberg Endowment	9,307,460	10,808,997
Capital Campaign Fund—Program Trust	11,204,588	13,629,774
Eugene B. Casey Endowment	2,089,825	2,426,968
Fisher Endowment	1,348,877	1,660,281
Arts Program Fund	3,826,668	5,151,621
Arts Endowment Fund	3,231,587	3,752,925
John and Martha Giovanelli Endowed Fund of Science and Education	86,108	100,000
Other named endowments	383,520	325,462
Total donor-restricted endowment funds	31,478,633	37,856,028
Net assets with donor restrictions	$ 124,966,131	$ 140,647,646

Note 10. Net Assets With Donor Restrictions (Continued)

During the years ended June 30, 2022 and 2021, the Organization released $64,224,346 and $45,465,252 from donor restricted net assets.

The donor-restricted endowment funds are comprised of the following:

The Leonore Annenberg Endowment: The Annenberg Foundation established The Leonore Annenberg Endowment to support projects that are important, national in scope and consistent with the values and integrity of its namesake. As of September 30 each year, the Organization will determine the Fund's fair value, including income and both realized and unrealized gains and losses net of fees, and calculate the amount that may be withdrawn.

Capital Campaign Fund—Program Trust: The Capital Campaign Fund was established to help fund the development of new facilities and to create an endowment to support the development of radio and television programming for public broadcasting. The National Endowment for the Humanities awarded the Organization a $562,000 endowment challenge grant, which was matched by $2,443,421 from private sources. Net assets associated with these grants are recorded as net assets with donor restrictions, except for $500,000 that is recorded in net assets without donor restrictions having been applied toward the purchase of equipment pursuant to donor restrictions. Income generated by this fund is applied to the development of radio and television programming for public broadcasting.

Eugene B. Casey Endowment: The Eugene B. Casey Foundation made a $1,000,000 donor-restricted contribution to establish the Eugene B. Casey Endowment Fund. The income from the endowment fund is used to provide programming for children and young people that will enrich them through knowledge of their bodies, minds and spirit.

Fisher Endowment: The Robert M. Fisher Memorial Foundation, Inc. established a $1,000,000 program Endowment Fund at the Organization. The Fisher Endowment Fund will be used to acquire, produce and broadcast television and radio programs in the fulfillment of the mission of the Organization. The Organization will use 5% of the value of the fund as of December 31 the year prior, or $50,000, whichever is greater, each year. If the earnings are less than $50,000 in any one year, the $50,000 shall be funded by the earnings and an amount from principal to bring the annual total to $50,000. The Organization only used principal amount in the first year of this fund.

Arts endowment and arts program: The Organization previously received a $600,000 challenge grant from the National Endowment for the Arts (NEA). The Organization was required by the terms of the grant to provide matching contributions totaling $1,800,000. Together, the grant and matching funds were used to establish an Arts Endowment Fund of $1,000,000 and an Arts Program Fund of $1,400,000 (together, the Funds). The original principal of the Funds was restricted to be held in perpetuity under the terms of the original grants, though internal borrowing from the Arts Program Fund principal is permitted. As of June 30, 2022 and 2021, the Organization had not borrowed from the Funds. NEA subsequently informed the Organization that the restriction on the funds had been removed. The Organization then reclassified $2,200,000 of those funds into net assets without donor restrictions. $200,000 of the Arts Program Fund remains in net assets with donor restrictions since the funds were matching funds and have not been released from restriction by the donors.

John and Martha Giovanelli Endowed Fund for Science and Education: The Organization received $100,000 in endowment contributions from a donor in December 2020. The purpose of this fund is to provide general operating support for WETA Television in support of science and education programming. The income earned from the fund will be made available annually to the Organization to support general operations.

Note 10. Net Assets With Donor Restrictions (Continued)

Other named endowments: During fiscal years 2022 and 2021, the Organization received no other named endowment contributions.

Note 11. Endowment

The Organization's endowment consists of individual funds established for a variety of purposes. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions and designations by the Board of Trustees. The Organization follows the Codification subtopic, Reporting Endowment Funds.

Interpretation of the relevant law: The Board of Trustees has interpreted the Virginia enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as donor restricted permanent endowment net assets: (a) the original value of gifts donated to the donor restricted permanent endowment, (b) the original value of subsequent gifts to the donor restricted permanent endowment and (c) the accumulations to the donor restricted permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is classified as donor restricted net assets, until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The purposes of the Organization's endowment fund
- The duration and preservation of the funds
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other available financial resources
- Investment policies

At June 30, 2022 and 2021, the Organization had endowment funds totaling $58,837,814 and $68,202,172, respectively.

Donor restricted endowment funds are described in Note 10.

Board designated funds are described below:

WETA Endowment Fund: To provide a continued source of income for operations or to fund special projects, capital improvements or emergency needs.

Capital Building Fund: To be used for the purchase of capital assets without obligation (or donor expectation) to preserve any amount of capital.

Program Investment Fund: To provide a continuing source of investment capital for expenditure in the development of and participation in projects of interest to the Organization.

Program Fund for Excellence: To be used to develop programming of intellectual integrity and cultural merit and to support other projects related to the mission of the Organization.

Note 11. Endowment (Continued)

Strategic Initiatives Funds: To fund new initiatives that are strategically important to the future of the Organization.

WETA Capital Campaign: Building the Future Fund: To be used to fund the renovation of headquarters in order to consolidate the production center with studios, staff and operations. The expansion will give the Organization the opportunity to modernize production studios, improve building efficiency, add community space for hosting workshops, town hall forums, educational activities, and professional development.

The distribution of endowment net assets between donor-restricted and board-designated for the years ending June 30, 2022 and 2021, are as follows:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Program Trust Fund	$ -	$ 11,204,588	$ 11,204,588
Leonore Annenberg Endowment	-	9,307,460	9,307,460
Arts Program Fund	-	3,826,668	3,826,668
Arts Endowment Fund	-	3,231,587	3,231,587
Eugene B. Casey Endowment	-	2,089,825	2,089,825
Fisher Endowment	-	1,348,877	1,348,877
John and Martha Giovanelli Endowed Fund of Science and Education	-	86,108	86,108
Other named endowments	-	383,520	383,520
Donor-restricted endowment funds	-	31,478,633	31,478,633
WETA Endowment Fund	6,728,180	-	6,728,180
Capital Building Fund	6,439,274	-	6,439,274
Program Investment Fund	5,094,579	-	5,094,579
WETA Strategic Initiative Fund	2,722,677	-	2,722,677
NHP Strategic Initiative Fund	2,500,000	-	2,500,000
Program Fund for Excellence	1,817,717	-	1,817,717
WETA Capital Campaign: Building the Future Fund	2,056,754	-	2,056,754
Board designated funds	27,359,181	-	27,359,181
Total endowment net assets	$ 27,359,181	$ 31,478,633	$ 58,837,814

Note 11. Endowment (Continued)

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Program Trust Fund	$ -	$ 13,629,775	$ 13,629,775
Leonore Annenberg Endowment	-	10,808,995	10,808,995
Arts Program Fund	-	5,151,621	5,151,621
Arts Endowment Fund	-	3,752,926	3,752,926
Eugene B. Casey Endowment	-	2,426,968	2,426,968
Fisher Endowment	-	1,660,280	1,660,280
John and Martha Giovanelli Endowed Fund of Science and Education	-	100,000	100,000
Other named endowments	-	325,463	325,463
Donor-restricted endowment funds	-	37,856,028	37,856,028
WETA Endowment Fund	7,886,774	-	7,886,774
Capital Building Fund	7,478,096	-	7,478,096
Program Investment Fund	5,916,467	-	5,916,467
WETA Strategic Initiative Fund	3,774,832	-	3,774,832
NHP Strategic Initiative Fund	2,500,000	-	2,500,000
Program Fund for Excellence	2,110,962	-	2,110,962
WETA Capital Campaign: Building the Future Fund	679,013	-	679,013
Board designated funds	30,346,144	-	30,346,144
Total endowment net assets	$ 30,346,144	$ 37,856,028	$ 68,202,172

Funds with deficiencies: The fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. There was one fund with a deficiency for the year ended June 30, 2022, the John and Martha Giovanelli Endowed Fund with a deficiency of $13,892. There were no funds with a deficiency in the year ended June 30, 2021.

Changes in endowment net assets for the fiscal year ended June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 30,346,144	$ 37,856,028	$ 68,202,172
Investment income	391,026	632,802	1,023,828
Investment losses, net	(4,415,420)	(5,891,586)	(10,307,006)
Contributions and additions	4,059,067	103,269	4,162,336
Distributions	(3,021,636)	(1,221,880)	(4,243,516)
Endowment net assets, end of year	$ 27,359,181	$ 31,478,633	$ 58,837,814

Note 11. Endowment (Continued)

Changes in endowment net assets for the fiscal year ended June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 21,759,002	$ 30,767,046	$ 52,526,048
Investment income	413,370	585,192	998,562
Investment gains, net	4,901,800	6,934,290	11,836,090
Contributions and additions	3,465,972	100,000	3,565,972
Distributions	(194,000)	(530,500)	(724,500)
Endowment net assets, end of year	$ 30,346,144	$ 37,856,028	$ 68,202,172

Endowment investing policies: Endowments are aggregated into a single pool along with other investment funds to permit optimal asset allocation. The Organization's primary investment objective is long-term growth to preserve and enhance the inflation-adjusted purchasing power of the total endowment.

The Organization has a well-diversified investment portfolio. The Organization's Investment Subcommittee monitors the portfolio and investment manager, and advises the Finance and Budget Committee of the Board of Trustees on investment matters in accordance with a written committee charter.

Endowment spending policies: Endowment gifts are spent in accordance with the wishes of the donor and guidance from the Board of Trustees. The Organization may not spend certain endowment earnings every year if projects that meet donor restrictions are not undertaken. If earnings are not used in a particular year, the Organization reinvests them for appropriate use in a future year. Allowable withdrawals that are not taken within a particular year may be withdrawn in subsequent years with the approval of the Organization's Finance and Budget Committee.

Donor-restricted endowment funds: Donor-restricted endowment funds consist of balances to be held in perpetuity and balances available for distribution. Donor-restricted funds are available for annual use per the stated criteria in the donor agreement. Most of the agreements allow for annual distributions in the amount of 4% to 5% of the prior year's ending balance or of the prior three-year average balance. For any restricted endowments without stated terms, the Organization may annually withdraw up to 5% of the prior year's ending balance. This rate is reviewed periodically by the Organization's Finance and Budget Committee to ensure that it continues to be an appropriate rate to preserve the principal value in perpetuity.

Board designated funds: The entire balance of each board designated fund is available for distribution with proper approval, either from the Board of Trustees or Organization Management, depending on the fund.

The decision whether to include withdrawal of money for a particular year's annual budget is made by the Finance and Budget Committee and approved by the Board of Trustees. The Organization's Finance and Budget Committee may approve an extraordinary withdrawal to support essential operations in a significant or protracted economic downturn; cover critical capital expenditures lacking other sources of funding; provide cash flow for a strategic business initiative, or meet other organizational needs.

Note 12. Commitments and Contingencies

The Organization uses warehouse space, television towers, and related technical facilities under noncancelable operating leases that expire at various dates through 2035. Selected leases contain escalation clauses to cover increased operating expenses borne by the lessor.

Additionally, the Organization generates rental income from office space and transmission facilities under noncancelable leases that expire at various dates through 2027.

Minimum future lease payments and receipts at June 30, 2022 are as follows:

	Lease Payments	Lease Receipts
Years ending June 30:		
2023	$ 269,318	$ 464,311
2024	274,704	380,453
2025	280,198	360,631
2026	285,802	340,017
2027	291,518	353,617
Thereafter	2,480,080	-
	$ 3,881,620	$ 1,899,029

Total lease expense was approximately $291,008 and $292,134 for the years ended June 30, 2022 and 2021, respectively. Total lease income was $712,181 and $721,400 for years ended June 30, 2022 and 2021, respectively.

Contingencies: The federal funding that supports public broadcasting may decline in the future as part of on-going deficit reduction efforts of Congress. It is not possible to estimate the probability of funding cuts, the amount or the timing of any federal funding cuts, or the effect that any cuts might have on the Organization. The impact on the Organization will depend on how the particular federally-funded programs that benefit the Organization are affected, and how the public broadcasting system overall is affected.

All direct expenses and indirect rates charged under the Organization's government grants are subject to audit by a government agency. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits, since management believes that the Organization is in compliance with all grant restrictions, and the amount of such liabilities, if any, cannot be determined.

The total of direct federal funding and funding from the Corporation for Public Broadcasting, which receives a direct Congressional appropriation, was approximately $28 million and $27 million in fiscal years 2022 and 2021, respectively, which is approximately 21% and 22%, respectively, of total support for fiscal years 2022 and 2021.

From time to time, the Organization may be subject to various legal proceedings, which are incidental to the ordinary course of business. In the opinion of the management of the Organization, there are no material pending legal proceedings against the Organization.

Note 12. Commitments and Contingencies (Continued)

At June 30, 2021, the Organization has signed contracts for future construction projects associated with the renovation of headquarters for the consolidation of the production center with studios, staff, and operations estimating approximately $27 million. As of June 30, 2022, the Organization has incurred $13.6 million in costs with a remaining $14.8 million to be incurred in fiscal year 2023.

On January 30, 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak a “Public Health Emergency of International Concern” and, on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, quarantines in certain areas and forced closures for certain types of public places and businesses. COVID-19 and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries. It is unknown how long these conditions will last and what the complete financial effect will be on the Organization. The extent of the impact of COVID-19 on the Organization’s operations and financial performance are uncertain and cannot be predicted.

Note 13. Gift Annuity Program

As of June 30, 2022 and 2021, the Organization’s obligation for annuity payments totaled $196,686 and $218,220, respectively. This obligation is funded by a gift annuity reserve fund managed by Wells Fargo. As of June 30, 2022 and 2021, the fair value of assets held within the reserve fund totaled $742,270 and $908,466, respectively. The fair value of such assets exceeds the obligation for annuity payments by $545,584 and $690,246, respectively.

Note 14. Conditional Awards as a Resource Provider

At June 30, 2022, the Organization had $538,205 of conditional awards outstanding that will be recognized as expenses as the barriers are substantially met.

The Greater Washington Educational Telecommunications Association, Inc. and Subsidiary

Schedule I—Supplemental Statement of Activities by Grantee
Year Ended June 30, 2022

	WETA-TV	WETA-Radio	Total
Changes in net assets without donor restrictions:			
Revenues and other support, including amounts released from restrictions:			
Production funding from public broadcasting system	$ 26,397,758	$ -	$ 26,397,758
Corporate underwriting and funding	6,243,343	213,553	6,456,896
Membership and individual contributions	22,335,556	5,934,988	28,270,544
Foundations and nonprofit organizations	2,548,996	114,765	2,663,761
Federal, state and local government grants	2,093,312	27,825	2,121,137
Rental income and other	1,363,400	721,225	2,084,625
In-kind contributions	202,450	52,500	254,950
Net assets released from restrictions			
Production funding from public broadcasting system	9,904,142	433,993	10,338,135
Foundations and nonprofit organizations	38,466,395	32,534	38,498,929
Corporate underwriting and funding	9,709,785	-	9,709,785
Membership and individuals contributions	5,119,464	21,000	5,140,464
Federal, state and local government grants	337,033	-	337,033
In-kind rental income and other	200,000	-	200,000
Total net assets released from restrictions	63,736,819	487,527	64,224,346
Total revenues and other support without donor restrictions	124,921,634	7,552,383	132,474,017
Expenses:			
National programming and productions	80,785,676	-	80,785,676
Television broadcast operations	12,690,750	-	12,690,750
Radio broadcast operations	-	2,939,611	2,939,611
Promotion, education and outreach	6,310,961	1,677,597	7,988,558
Fundraising and membership development	6,522,430	1,733,810	8,256,240
Underwriting and grant solicitation	2,073,503	605,666	2,679,169
Management and general	9,560,915	2,541,508	12,102,423
Total expenses	117,944,235	9,498,192	127,442,427
Change in net assets without donor restrictions before before other changes	6,977,399	(1,945,809)	5,031,590
Other changes:			
Net investment return	(2,416,799)	(2,040,344)	(4,457,143)
Loss on disposal of property and equipment	(291,925)	(77,600)	(369,525)
Amortization of gain on sale of production center	1,326,924	-	1,326,924
Depreciation and amortization	(1,216,080)	(323,262)	(1,539,342)
Interest expense	(4,697)	(1,248)	(5,945)
Property tax expense	(297,916)	(79,193)	(377,109)
Other non-operating income	(1,720)	-	(1,720)
Total other changes	(2,902,213)	(2,521,647)	(5,423,860)
Total change in net assets without donor restrictions	4,075,186	(4,467,456)	(392,270)
Changes in net assets with donor restrictions:			
Television production and other restricted contributions	52,693,761	2,226,465	54,920,226
Endowment investment return	(4,154,439)	(1,104,345)	(5,258,784)
Endowment distributions	(1,204,920)	(16,960)	(1,221,880)
Endowment gifts	81,583	21,686	103,269
Net assets released from restrictions	(63,736,819)	(487,527)	(64,224,346)
Total change in net assets with donor restrictions	(16,320,834)	639,319	(15,681,515)
Change in net assets	$ (12,245,648)	$ (3,828,137)	$ (16,073,785)