

**WMHT EDUCATIONAL TELECOMMUNICATIONS, INC.**

**Financial Statements  
as of June 30, 2023  
Together with  
Independent Auditor's Report**

**Bonadio & Co., LLP**  
Certified Public Accountants

## **INDEPENDENT AUDITOR'S REPORT**

November 30, 2023

To the Board of Trustees of  
WMHT Educational Telecommunications, Inc.:

### **Opinion**

We have audited the accompanying financial statements of WMHT Educational Telecommunications, Inc. (a New York nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WMHT Educational Telecommunications, Inc. as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 WMHT Educational Telecommunications, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Change in Accounting Principle**

As discussed in Note 2 to the financial statements, WMHT Educational Telecommunications, Inc. adopted Accounting Standards Codification 842, *Leases*, as of July 1, 2022. Our opinion is not modified with respect to these matters.

### **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 WMHT Educational Telecommunications, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

(Continued)

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## **INDEPENDENT AUDITOR'S REPORT**

(Continued)

### **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 generally accepted auditing standards 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 generally accepted auditing standards, 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 WMHT Educational Telecommunications, Inc.'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 WMHT Educational Telecommunications, Inc.'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.

### **Report on Summarized Comparative Information**

We have previously audited WMHT Educational Telecommunications, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 23, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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## **INDEPENDENT AUDITOR'S REPORT**

(Continued)

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying information presented in Schedule I is presented for purposes of additional analysis and is not a required part of the basic 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 audit 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.

# WMHT EDUCATIONAL TELECOMMUNICATIONS, INC.

## STATEMENT OF FINANCIAL POSITION

JUNE 30, 2023

(With Comparative Totals for 2022)

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 1,587,228	\$ 1,636,285
Restricted cash	-	25,509
Accounts receivables, net	324,982	466,538
Investments	13,872,238	12,177,682
Restricted investments	26,441	-
Capital campaign and other pledges receivable	-	112,527
Prepaid expenses and other assets	<u>146,444</u>	<u>155,372</u>
Total current assets	<u>15,957,333</u>	<u>14,573,913</u>
PROPERTY AND EQUIPMENT, net	<u>7,275,467</u>	<u>7,477,551</u>
BROADCAST LICENSES, net	<u>869,755</u>	<u>908,411</u>
<b>OTHER ASSETS:</b>		
Long-term prepaid expenses	-	562,473
Assets held under charitable gift annuity agreements	399,191	361,427
Ownership interest in investee companies	663,219	733,823
Right-of-use assets - operating leases	1,004,497	-
Other long-term assets	<u>12,438</u>	<u>12,438</u>
Total other assets	<u>2,079,345</u>	<u>1,670,161</u>
	<u>\$ 26,181,900</u>	<u>\$ 24,630,036</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Current installments of long-term debt	\$ 403,119	\$ 390,000
Current installments of charitable gift annuity agreements	8,714	6,659
Accounts payable	195,145	255,302
Accrued expenses and other liabilities	255,710	224,185
Current portion of operating lease liabilities	80,265	-
Unearned revenue	<u>365,533</u>	<u>425,990</u>
Total current liabilities	<u>1,308,486</u>	<u>1,302,136</u>
<b>LONG-TERM LIABILITIES</b>		
Long-term debt, net of current portion	-	389,358
Operating lease liabilities, net of current portion	370,711	-
Charitable gift annuity agreements, net of current portion	<u>40,745</u>	<u>41,017</u>
Total long-term liabilities	<u>411,456</u>	<u>430,375</u>
Total liabilities	<u>1,719,942</u>	<u>1,732,511</u>
<b>NET ASSETS:</b>		
Without donor restrictions	24,369,017	22,782,516
With donor restrictions	<u>92,941</u>	<u>115,009</u>
Total net assets	<u>24,461,958</u>	<u>22,897,525</u>
	<u>\$ 26,181,900</u>	<u>\$ 24,630,036</u>

The accompanying notes are an integral part of these statements.

# WMHT EDUCATIONAL TELECOMMUNICATIONS, INC.

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023 (With Comparative Totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2023	2022
<b>SUPPORT AND REVENUE:</b>				
Contributions and memberships	\$ 4,602,674	\$ 7,500	\$ 4,610,174	\$ 5,530,512
Corporation for Public Broadcasting grants	1,778,475	-	1,778,475	1,699,611
New York State Department of Education grants	1,496,586	-	1,496,586	1,158,444
Program underwriting	680,902	-	680,902	649,304
Production revenue and underwriting	475,165	44,500	519,665	628,744
Interest and dividends	255,975	932	256,907	200,637
Other revenue	132,116	-	132,116	115,389
Other grants	88,380	-	88,380	31,930
Contributions from charitable gift annuity agreements	8,217	-	8,217	31,812
Capital campaign contributions	-	-	-	10,500
Capital grants	-	-	-	10,000
Video and book sales, net of discounts	-	-	-	546
Net assets released from restrictions	<u>75,000</u>	<u>(75,000)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>9,593,490</u>	<u>(22,068)</u>	<u>9,571,422</u>	<u>10,067,429</u>
<b>EXPENSES:</b>				
Program services:				
Television activities	4,992,297	-	4,992,297	4,538,478
Radio activities	1,333,771	-	1,333,771	1,183,393
Educational activities	203,560	-	203,560	176,169
Public communications	<u>279,381</u>	<u>-</u>	<u>279,381</u>	<u>258,350</u>
Total program services	6,809,009	-	6,809,009	6,156,390
Management and general	1,144,947	-	1,144,947	1,019,499
Fund raising/development	<u>787,373</u>	<u>-</u>	<u>787,373</u>	<u>1,056,951</u>
Total expenses	<u>8,741,329</u>	<u>-</u>	<u>8,741,329</u>	<u>8,232,840</u>
CHANGE IN NET ASSETS FROM OPERATIONS	<u>852,161</u>	<u>(22,068)</u>	<u>830,093</u>	<u>1,834,589</u>
<b>NON-OPERATING INCOME (LOSS):</b>				
Net realized and unrealized gain (loss) on investments	907,375	-	907,375	(1,274,308)
Change in charitable gift annuity agreements	(8,714)	-	(8,714)	(6,659)
Equity (loss) gain on share of investee companies	(70,604)	-	(70,604)	41,511
Loss on sale of property and equipment	(11,544)	-	(11,544)	(1,009)
Other non-operating expenses	<u>(82,173)</u>	<u>-</u>	<u>(82,173)</u>	<u>-</u>
Total non-operating income (loss)	<u>734,340</u>	<u>-</u>	<u>734,340</u>	<u>(1,240,465)</u>
CHANGE IN NET ASSETS	1,586,501	(22,068)	1,564,433	594,124
NET ASSETS - beginning of year	<u>22,782,516</u>	<u>115,009</u>	<u>22,897,525</u>	<u>22,303,401</u>
NET ASSETS - end of year	<u>\$ 24,369,017</u>	<u>\$ 92,941</u>	<u>\$ 24,461,958</u>	<u>\$ 22,897,525</u>

The accompanying notes are an integral part of these statements.

# WMHT EDUCATIONAL TELECOMMUNICATIONS, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2023

(With Comparative Totals for 2022)

	Program Services				Management and General	Fund Raising/ Development	Total	
	Television	Radio	Educational	Public Communications			2023	2022
Salaries	\$ 1,477,943	\$ 576,495	\$ 100,849	\$ 182,534	\$ 416,164	\$ 387,864	\$ 3,141,849	\$ 2,765,348
Outside services	739,881	120,511	1,091	4,000	96,608	31,010	993,101	1,021,185
Broadcast rights	858,391	71,613	-	-	-	-	930,004	960,858
Benefits and payroll taxes	353,474	130,472	16,366	56,558	96,773	90,800	744,443	663,688
Depreciation and amortization	367,317	118,994	13,508	13,508	48,267	54,409	616,003	585,616
Computer service	90,480	36,870	2,515	19,721	82,631	191,625	423,842	390,675
Network fees	241,641	48,582	-	-	-	-	290,223	316,967
Maintenance	169,308	6,660	24,092	-	667	-	200,727	190,393
Bank and other fees	92,096	40,744	-	-	46,923	4,198	183,961	188,324
Travel and entertainment	36,849	2,602	9,673	204	109,254	13,577	172,159	82,610
Utilities	143,684	2,709	-	-	-	-	146,393	154,330
Consulting and professional	31,488	-	2,376	-	92,752	-	126,616	121,423
Rent	49,981	65,169	-	-	-	-	115,150	108,665
Printing	71,031	31,913	185	-	6,720	2,687	112,536	115,613
Insurance	-	-	-	-	96,288	-	96,288	105,525
Postage and shipping	60,140	25,544	147	-	2,274	2,909	91,014	91,993
Membership	78,041	-	11,668	-	-	-	89,709	84,744
Cost of goods sold	58,419	23,320	-	-	-	-	81,739	98,316
Telephone	44,028	26,612	-	-	1,429	2,286	74,355	76,468
Dues and subscriptions	470	1,775	81	-	18,802	4,436	25,564	14,193
Studio materials and supplies	7,569	-	13,447	1,649	-	-	22,665	11,523
Advertising	1,814	85	996	1,181	12,552	564	17,192	8,247
Other material and supplies	8,790	3,101	3,811	26	827	45	16,600	53,848
Interest	-	-	-	-	13,724	-	13,724	2,617
Equipment rental	5,755	-	2,755	-	2,292	-	10,802	7,349
Security	3,707	-	-	-	-	-	3,707	10,087
Bad debt	-	-	-	-	-	963	963	2,235
2023 Totals	<u>\$ 4,992,297</u>	<u>\$ 1,333,771</u>	<u>\$ 203,560</u>	<u>\$ 279,381</u>	<u>\$ 1,144,947</u>	<u>\$ 787,373</u>	<u>\$ 8,741,329</u>	<u>\$ 8,232,840</u>
2022 Totals	<u>\$ 4,538,478</u>	<u>\$ 1,183,393</u>	<u>\$ 176,169</u>	<u>\$ 258,350</u>	<u>\$ 1,019,499</u>	<u>\$ 1,056,951</u>		

The accompanying notes are an integral part of these statements.

# WMHT EDUCATIONAL TELECOMMUNICATIONS, INC.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2023 (With Comparative Totals for 2022)

	<u>2023</u>	<u>2022</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,564,433	\$ 594,124
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Net realized and unrealized (gain) loss on investments	(907,375)	1,274,308
Depreciation and amortization	616,003	585,616
Change in value of charitable gift annuity agreements	8,714	6,659
Equity loss (gain) on share of investee companies	70,604	(41,511)
Loss on sale of property and equipment	11,544	1,009
Interest expense related to deferred financing costs	13,761	13,761
Changes in operating assets and liabilities:		
Accounts receivable	141,556	5,059
Capital campaign and other pledges receivable	112,527	114,538
Prepaid expenses and other assets	8,928	98,677
Other long-term assets	-	18,423
Accounts payable	(60,157)	(128,881)
Accrued expenses and other liabilities	31,525	(27,238)
Unearned revenue	(60,457)	(290,489)
Operating lease liabilities	8,952	-
Charitable gift annuity agreement obligations	<u>(6,931)</u>	<u>11,608</u>
Net cash flow from operating activities	<u>1,553,627</u>	<u>2,235,663</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	6,618,777	5,275,835
Purchases of investments	(7,470,163)	(7,940,760)
Purchases of property and equipment	<u>(386,807)</u>	<u>(130,740)</u>
Net cash flow from investing activities	<u>(1,238,193)</u>	<u>(2,795,665)</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Principal payments on long-term debt	<u>(390,000)</u>	<u>(375,000)</u>
Net cash flow from financing activities	<u>(390,000)</u>	<u>(375,000)</u>
CHANGE IN CASH	(74,566)	(935,002)
CASH - beginning of year	<u>1,661,794</u>	<u>2,596,796</u>
CASH - end of year	<u>\$ 1,587,228</u>	<u>\$ 1,661,794</u>
SUPPLEMENTARY CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ 13,724</u>	<u>\$ 2,617</u>
CASH AND RESTRICTED CASH CONSIST OF THE FOLLOWING		
Cash	\$ 1,587,228	\$ 1,636,285
Restricted cash - Piano fund	<u>-</u>	<u>25,509</u>
	<u>\$ 1,587,228</u>	<u>\$ 1,661,794</u>

The accompanying notes are an integral part of these statements.



# WMHT EDUCATIONAL TELECOMMUNICATIONS, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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### 1. THE ORGANIZATION

WMHT Educational Telecommunications, Inc. (WMHT) is a not-for-profit organization that was incorporated under the laws of New York State. WMHT operates non-commercial public television stations (WMHT/Channel 17, WMHT - PBS World; WMHT - Create TV; and WMHT – PBS Kids) and three non-commercial public FM radio stations (WMHT - FM 89.1, WRHV - FM 88.7, and WEXT - FM 97.7) in the Capital District region of New York State.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Accounting**

WMHT's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

#### **Recently Adopted Accounting Guidance – Leases**

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) 842, *Leases*, to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

WMHT adopted the standard effective July 1, 2022, using the modified retrospective approach and comparative financial information has not been restated. In addition, lease disclosures for the year ended June 30, 2022, are made under prior lease guidance in FASB ASC 840.

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

As a result of the adoption of new lease accounting guidance, WMHT recognized on July 1, 2022, an operating lease liability of \$595,328 and an operating ROU asset of \$1,079,971. The standard did not have a material impact on the statements of activities and change in net assets or cash flows.

#### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Cash**

Cash consists of bank demand deposit accounts. WMHT's cash balances may at times exceed federally insured limits. WMHT has not experienced any losses in these accounts and believes it is not exposed to any significant risk with respect to cash.

### **Restricted Cash**

Cash held for operating costs of a piano are reported as restricted cash on the statement of financial position for the year ended June 30, 2022. Management invested the funds into United States Treasuries and Agency Securities during fiscal year 2023. Therefore, the piano funds are reported as restricted investments on the statement of financial position for the year ended June 30, 2023.

### **Accounts Receivable**

Accounts receivable are carried at the original invoice amount, less an estimate for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by regularly evaluating individual receivables and considering the customer's financial condition, credit history, and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. WMHT has established an allowance for doubtful accounts of \$11,303 as of June 30, 2023 and 2022.

Accounts are considered to be past due if any portion of the receivable balance is outstanding for more than 90 days. Interest is not charged on accounts receivable.

### **Investments**

Investments are reported at fair value as determined by quoted market prices for which all significant inputs are observable, directly or indirectly. Investment income, which includes all unrealized and realized gains and losses net of direct expenses, is reported directly in the accompanying statement of activities. Dividends are recorded on the ex-dividend date, and purchases and sales are recorded on a trade-date basis (the date the order to buy or sell is executed). Interest income is recognized on the accrual basis.

Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain marketable securities, it is at least reasonably possible those changes in the values of marketable securities will occur in the near term and that such changes could materially affect that amount reported in the accompanying financial statements.

Management evaluates securities for other-than-temporary impairment at least on an annual basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to the length of time and the extent to which the fair value has been less than cost, the financial condition and near-term prospects of the issuer, and the intent and ability of WMHT to retain its investments in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. WMHT determined that there were no other-than-temporary impairments at both June 30, 2023 and 2022.

### **Capital Campaign and Other Pledges Receivable**

WMHT records capital campaign pledges as revenue in the period received at the present value of estimated future cash flows discounted at an appropriate rate. A discount rate of 0% was used to present the value of pledges for both the years ended June 30, 2023 and 2022. In addition, WMHT determined that no allowance for potential uncollectible pledges was necessary at both June 30, 2023 and 2022.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Property and Equipment**

Property and equipment are stated at cost, less accumulated depreciation. Management follows the practice of capitalizing expenditures which materially change capacities or extend useful lives of assets. Routine maintenance and repairs and minor replacement costs are charged to expense as incurred. When buildings and equipment are retired or otherwise disposed of, the appropriate accounts are relieved of costs and accumulated depreciation and any resultant gain or loss is included in the statement of activities. Depreciation is computed on a straight-line basis over the useful lives of the assets varying from 3 to 45 years.

Donated property is recognized as contributions in the accompanying statements at their estimated fair market value at the date of receipt.

### **Leases**

WMHT determines if an arrangement is a lease at inception. ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent an obligation to make lease payments arising from the lease. Lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The lease may include renewal and termination options, which are included in the lease term when WMHT is reasonably certain to exercise these options.

For all underlying classes of assets, WMHT has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that WMHT is reasonably certain to exercise. WMHT recognizes fixed short-term lease cost on a straight-line basis over the lease term and variable lease cost in the period in which the obligation is incurred.

WMHT elected for all classes of underlying assets, to use the risk-free rate as the discount rate if the implicit rate in the lease contract is not readily determinable.

WMHT elected for all classes of underlying assets to not separate the lease and non-lease components of a contract and to account for as a single lease component.

Variable lease costs paid to or on behalf of the lessor, consisting of maintenance, taxes, and utilities, are excluded from the measurement of the right-of-use asset and lease liability and are expensed in the period incurred.

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

In allocating consideration in the contract to the separate lease components and the non-lease components, WMHT uses the standalone prices of the lease and non-lease components. Observable standalone prices are used, if available. If the standalone price for a component has a high level of variability or uncertainty, this allocation may require significant judgment.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Long-Lived Assets**

WMHT assesses its long-lived assets for impairment when events or circumstances indicate their carrying amounts may not be recoverable. This is accomplished by comparing the expected undiscounted future cash flows of the long-lived assets with the respective carrying amount as of the date of assessment. If the expected undiscounted future cash flows exceed the respective carrying amount as of the date of assessment, the long-lived assets are considered not to be impaired. If the expected undiscounted future cash flows are less than the carrying value, an impairment loss is recognized and measured as the difference between the carrying value and the fair value of the long-lived assets. No impairment of long-lived assets was recognized during the years ended June 30, 2023 or 2022.

### **Gifts of Long-Lived Assets**

WMHT reports gifts of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and Capital Campaign gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. WMHT's expirations of donor restrictions occur when the donated or acquired long-lived assets are placed in service.

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the assets carrying amount over the fair value of the asset.

### **Broadcast Licenses**

Capitalized broadcast licenses pertain to costs incurred in obtaining initial radio broadcasting licenses and are amortized over 40 years. The broadcast licenses are stated at cost of \$1,546,231, net of accumulated amortization of \$676,476 and \$637,820 at June 30, 2023 and 2022, respectively. Amortization expense was approximately \$39,000 for the years ended June 30, 2023 and 2022. Amortization over the next five years is expected to be approximately \$39,000 annually.

WMHT evaluates broadcast licenses for impairment whenever events or changes in circumstances indicate that a license's carrying amount may not be recoverable. No impairment was recorded for either year ended June 30, 2023 and 2022.

### **Deferred Financing Costs**

Financing costs incurred related to the bond issue and letter of credit, which includes an underwriting discount and other financing costs. These costs are recognized as interest expense on a straight-line basis over the life of the bond and letter of credit. Amortization expense was approximately \$14,000 for the years ended June 30, 2023 and 2022. Amortization is expected to be approximately \$7,000 during the year ended June 30, 2024.

### **Financial Reporting**

WMHT reports its activities and the related net assets using two net asset categories: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions include resources which are available for the support of WMHT's operating activities. The Board of Trustees can authorize use of these assets, as it desires, to carry on the purposes of WMHT according to its by-laws. Net assets with donor restrictions include resources that have been donated to the Company subject to purpose or time restrictions defined by the donor.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Financial Reporting (Continued)

Net assets with donor restrictions include resources that are restricted by a donor for use for a particular purpose or in a particular future period. WMHT had approximately \$93,000 and \$115,000 of net assets with donor restrictions at June 30, 2023 and 2022, respectively.

At June 30, 2023, net assets with donor restriction resources were designated for RISE, production projects, and a piano fund. Net assets with donor restrictions are satisfied either by the passage of time or by actions of WMHT.

Net assets with donor restrictions include resources whose use by WMHT is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. Net assets with donor restrictions in perpetuity at both June 30, 2023 and 2022 were \$7,000, included in total net asset with donor restrictions.

### Recognition of Donor Restrictions

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions as net assets released from restrictions.

### Support and Revenue Recognition

Membership support, which is comprised of unrestricted contributions primarily through pledges, is recognized as support when the unconditional promise is made.

Program underwriting is recognized in the period in which the contract is entered since the underwriter receives no substantive reciprocal value, and cancellation of the contract is remote.

Grants awarded for operating purposes (primarily Corporation for Public Broadcasting and New York State Department of Education grants) are recognized as support when grants are awarded since no direct value or specific performance is required in exchange by WMHT.

Production revenue and production underwriting revenue is recognized at a point in time when production is completed and available for initial broadcast. WMHT's transaction price consists of rates stated in respective agreements contracted with external organizations.

### Operating Versus Non-Operating Transactions

The statement of activities reflects operating activities and non-operating transactions. All revenue and expenses directly associated with day-to-day operations are included in the operating income. Non-operating transactions include unique transactions that occur infrequently and not considered day-to-day operations of WMHT.

### Functional Expenses

The costs of providing various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Significant expenses such as salaries, benefits and payroll taxes, and outside services have been allocated to program services based on the membership numbers amongst WMHT's major services (Television, Radio, Educational, Public Communications), as well as time spent in management and fundraising activities.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Fair Value Measurement – Definition and Hierarchy**

WMHT uses various valuation techniques in determining fair value. A hierarchy for inputs used in measuring fair value has been established that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of WMHT. Unobservable inputs are inputs that reflect WMHT's assumptions about the assumptions market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 - Valuations are based on quoted prices in active markets for identical assets or liabilities that WMHT has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

WMHT's investments in money market funds, U.S. Treasury/agency securities, mutual funds, exchange traded funds, and assets held under charitable gift annuity agreements are valued utilizing Level 1 inputs.

- Level 2 - Valuations are based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.

WMHT's investments in corporate bonds are valued utilizing Level 2 inputs.

- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

WMHT currently has no assets or liabilities measured using Level 3 inputs.

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by WMHT in determining fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety. Refer to Note 16 for the fair value hierarchy.

### **Tax Status**

WMHT is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. WMHT has been classified as a publicly supported organization that is not a private foundation.

### 3. LIQUIDITY

WMHT's financial assets available to meet cash needs for general expenditures within one year of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions, were as follows at June 30:

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash	\$ 1,587,228	\$ 1,636,285
Restricted cash	-	25,509
Accounts receivable, net	324,982	466,538
Investments	13,872,238	12,177,682
Restricted investments	26,441	-
Capital campaign and other pledges receivable	-	112,527
	<u>15,810,889</u>	<u>14,418,541</u>
Less: Assets unavailable for general expenditures within one year due to:		
Net assets with donor restrictions	<u>(92,941)</u>	<u>(115,009)</u>
	<u>\$ 15,717,948</u>	<u>\$ 14,303,532</u>

WMHT's ability to meet its cash needs is highly dependent on timely collection of contributions and memberships. Management regularly monitors liquidity required to meet its operating needs. In the event of an unanticipated cash need, WMHT has a line-of-credit available, which it can draw upon (see Note 11).

### 4. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Program underwriting	\$ 246,174	\$ 289,553	\$ 429,618
Production	64,063	162,201	27,777
Interest receivable	25,398	20,340	15,445
Other receivables	650	5,747	10,060
	<u>336,285</u>	<u>477,841</u>	<u>482,900</u>
Less: Allowance for doubtful accounts	<u>(11,303)</u>	<u>(11,303)</u>	<u>(11,303)</u>
Accounts receivable	<u>\$ 324,982</u>	<u>\$ 466,538</u>	<u>\$ 471,597</u>

## 5. INVESTMENTS

Investments and restricted investments consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Money market funds	\$ 81,115	\$ 128,191
US treasury/agency securities	5,135,543	4,487,698
Corporate bonds	1,593,950	1,350,946
Mutual funds	515,526	541,631
Exchange traded funds	<u>6,572,545</u>	<u>5,669,216</u>
	<u>\$ 13,898,679</u>	<u>\$ 12,177,682</u>

## 6. CAPITAL CAMPAIGN AND OTHER PLEDGES RECEIVABLE, NET

Capital campaign and other pledges receivable, net consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Collections due within 1 year	<u>-</u>	<u>112,527</u>
	<u>\$ -</u>	<u>\$ 112,527</u>

## 7. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Building	\$ 9,215,849	\$ 9,215,849
Transmitter and tower	3,228,604	3,228,604
Studio and technical equipment	5,640,008	5,599,664
Furniture, fixtures, and equipment	1,348,602	1,420,179
Vehicles	<u>31,559</u>	<u>31,559</u>
	<u>19,464,622</u>	<u>19,495,855</u>
Less: Accumulated depreciation	<u>(12,189,155)</u>	<u>(12,018,304)</u>
	<u>\$ 7,275,467</u>	<u>\$ 7,477,551</u>

Depreciation expense for the years ended June 30, 2023 and 2022 was approximately \$577,000 and \$546,959, respectively.



## 8. OPERATING LEASES

WMHT leases land and equipment that are operating leases that will expire on various dates between October 2023 and July 2053. The renewal options are not recognized as part of the right-of-use asset and lease liability.

The components of total lease cost for the year ended June 30, 2023 is as follows:

Operating lease cost	\$	87,626
Short-term lease cost		<u>6,606</u>
Total lease cost	\$	<u><u>94,232</u></u>

Supplemental cash flow information related to leases for the year ended June 30, 2023 are as follows:

Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$	<u>77,103</u>
Right-of-use assets obtained in exchange for new operating lease liabilities	\$	<u>515,927</u>

Other information related to leases as of June 30, 2023 are as follows:

Weighted-average remaining lease term - operating leases	8.21
Weighted-average discount rate - operating leases	2.71%

Maturities of operating lease liabilities as of June 30, 2023 were as follows:

For the Year Ending June 30:

2024	\$	92,063
2025		90,228
2026		83,835
2027		77,489
2028		72,049
Thereafter		<u>73,699</u>
Total lease payments		489,363
Less: present value discount		<u>(38,387)</u>
Total present value of operating lease liabilities		450,976
Less: Current portion of operating lease liabilities		<u>80,265</u>
Long-term portion of operating lease liabilities	\$	<u><u>370,711</u></u>

## 8. OPERATING LEASES (Continued)

Future minimum lease payments due under these leases as of June 30, 2022 were as follows:

2023	\$	99,862
2024		94,592
2025		91,942
2026		89,915
2027		77,587
Thereafter		<u>468,912</u>
	\$	<u>922,810</u>

Total rent expense for the year ended June 30, 2022 amounted to \$112,042.

## 9. CHARITABLE GIFT ANNUITY AGREEMENTS

A split-interest agreement is a trust or other arrangement under which WMHT receives benefits that are shared with other beneficiaries. WMHT's significant split interest agreements consist of charitable gift annuity agreements. Under New York State Insurance Law, WMHT is required to maintain qualified reserves reported herein as assets reserved under charitable gift annuity agreements. WMHT maintains a segregated reserve which is in excess of the minimum required reserve of \$100,000 as of June 30, 2023 and 2022.

The obligations under the agreements are reported herein as liabilities under charitable gift annuity agreements. The obligations are estimated at the time of the agreement based on the present value of future cash flows expected to be paid to the donors.

The obligations are subject to adjustments to reflect amortization of any discount and changes in the life expectancies of the donors. The assumptions used in computing the liabilities under charitable gift annuity agreements include discount rates ranging from 1.2% to 6.2% and life expectancies based on published single and multiple life expectancy tables.

## 10. OWNERSHIP INTEREST IN INVESTEE COMPANIES

### Capital Region Broadcasters LLC

WMHT has an equity ownership in Capital Region Broadcasters LLC (CRB), which was formed by six of the seven commercial and non-commercial television broadcasters licensed to serve the Capital Region. WMHT's ownership interest in CRB was \$186,105 and \$193,723 as of June 30, 2023 and 2022, respectively. CRB acquired a parcel of land in the Town of New Scotland, New York, where it has constructed a digital telecommunications tower and a building that houses the stations' digital television transmitters and associated equipment. WMHT is a 17.5% owner and holds a membership certificate.

### Centralcast LLC

Centralcast, LLC (Centralcast), a Delaware limited liability company, was formed by eight non-commercial television broadcasters during 2012. Centralcast was organized exclusively for the charitable purpose described in Section 501(c)(3) of the Internal Revenue Code (Code).

**10. OWNERSHIP INTEREST IN INVESTEE COMPANIES (Continued)**

WMHT has an equity ownership interest in Centralcast totaling \$477,114 and \$540,100 as of June 30, 2023 and 2022, respectively. Centralcast was formed to construct and operate a joint master control facility in Syracuse, New York. WMHT is a 10% owner and holds a membership certificate. WMHT paid Centralcast approximately \$111,000 (\$25,000 infrastructure fees and \$86,000 service fees) during the years ended June 30, 2023 and 2022.

Under a joint master control provider agreement, WMHT is committed to paying quarterly service fees approximating \$21,600. Beginning on July 1, 2023, WMHT signed a new agreement which increases their quarterly service fees to approximately \$39,000 quarterly.

**11. LINE OF CREDIT**

WMHT has a \$1,000,000 working capital line of credit through June 30, 2023. Amounts borrowed are collateralized by certain assets of WMHT and bear interest (8.15% and 1.79% as of June 30, 2023 and 2022, respectively). There were no amounts outstanding at June 30, 2023 and 2022.

There was no interest expense on borrowings during the years ended June 30, 2023 and 2022.

**12. LONG-TERM DEBT**

WMHT's long-term debt consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Bond payable, due in various installments, including interest of approximately 4.24% at June 30, 2023 and 0.98% at June 30, 2022, maturing December 2023.	\$ 410,000	\$ 800,000
Less: Current installments	<u>(403,119)</u>	<u>(390,000)</u>
	6,881	410,000
Less: Unamortized deferred financing costs	<u>(6,881)</u>	<u>(20,642)</u>
	<u>\$ -</u>	<u>\$ 389,358</u>

WMHT has a \$5,235,000 mortgage agreement. The mortgage was issued pursuant to the tax-exempt bond issued by the Rensselaer County Industrial Developmental Agency (IDA) to finance the purchase, renovation, and construction of an addition to the facility located in Rensselaer County and to purchase equipment to be used as a broadcasting facility. The borrowing is collateralized by a first mortgage also collateralized by a direct pay letter of credit, which expires December 22, 2023. The letter of credit (issued by a Bank) has an open balance at June 30, 2023 of \$410,000 and is secured by the assets financed by the tax-exempt bond issue.

## 12. LONG-TERM DEBT (Continued)

The bond payable, as disclosed above, contains a debt service ratio financial covenant measured annually at June 30. It was determined that WMHT was in compliance with the covenant for the years ended June 30, 2023 and 2022.

The future minimum maturity of long-term debt for the year ending June 30, 2024 is \$403,119.

Interest expense related to long-term debt was \$13,724 and \$2,617 for the years ended June 30, 2023 and 2022, respectively.

## 13. RETIREMENT PLAN

WMHT participates in a retirement plan invested with the College Retirement Equities Fund of the Teachers Insurance and Annuity Association (TIAA-CREF). The Plan is a defined contribution plan which covers all eligible full-time employees. WMHT's contributions to the Plan are discretionary. Plan contributions by participants are made on a tax-deferred basis under an agreement for salary reduction in accordance with Section 403(b) of the Internal Revenue Service Code (Tax Sheltered Annuity). Retirement expense was \$184,051 and \$162,057 for the years ended June 30, 2023 and 2022, respectively.

## 14. COMMITMENTS AND CONTIGENCIES

### Maintenance Contracts

WMHT has certain equipment under maintenance contracts. These contracts require monthly payments ranging from \$33 to \$1,905 and expire on various dates through November 2028. WMHT's future minimum maintenance payments under the terms of the maintenance contracts are as follows for the years ending June 30:

2024	\$	39,141
2025		18,236
2026		15,853
2027		10,000
2028		<u>4,000</u>
	\$	<u>87,230</u>

Expenses incurred on these contracts totaled \$101,973 and \$113,007 during the years ended June 30, 2023 and 2022, respectively.

## 15. RISK AND UNCERTAINTIES

### Significant Concentration

Approximately 31% and 32% of WMHT's total support and revenue was derived from two funding sources for the years ended June 30, 2023 and 2022, respectively. No other funding source accounted for more than 10% of WMHT's total support and revenue.

## 16. FAIR VALUE MEASUREMENTS

The following investments and restricted investments are measured at fair value on a recurring basis using the following inputs at June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Investments -</b>				
Money market funds	\$ 81,115	\$ -	\$ -	\$ 81,115
US treasury/agency securities	5,135,543	-	-	5,135,543
Corporate bonds	-	1,593,950	-	1,593,950
Mutual funds	515,526	-	-	515,526
Exchange traded funds:				
U.S. large capitalization	4,804,866	-	-	4,804,866
U.S. mid capitalization	740,951	-	-	740,951
U.S. small capitalization	371,590	-	-	371,590
International Developed Market	655,138	-	-	655,138
	<u>12,304,729</u>	<u>1,593,950</u>	<u>-</u>	<u>13,898,679</u>
<b>Charitable Gift Annuities -</b>				
Money market funds	14,723	-	-	14,723
Fixed income notes and treasuries	165,126	-	-	165,126
Mutual funds:				
U.S. large capitalization	13,217	-	-	13,217
Exchange traded funds:				
U.S. large capitalization	206,125	-	-	206,125
	<u>399,191</u>	<u>-</u>	<u>-</u>	<u>399,191</u>
Total investments	<u>12,304,729</u>	<u>1,593,950</u>	<u>-</u>	<u>13,898,679</u>
Total charitable gift annuities	<u>399,191</u>	<u>-</u>	<u>-</u>	<u>399,191</u>
	<u>\$ 12,703,920</u>	<u>\$ 1,593,950</u>	<u>\$ -</u>	<u>\$ 14,297,870</u>

## 16. FAIR VALUE MEASUREMENTS (Continued)

The following are measured at fair value on a recurring basis at June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Investments -</b>				
Money market funds	\$ 128,191	\$ -	\$ -	\$ 128,191
US treasury/agency securities	4,487,698	-	-	4,487,698
Corporate bonds	-	1,350,946	-	1,350,946
Mutual funds	541,631	-	-	541,631
Exchange traded funds:				
U.S. large capitalization	4,206,829	-	-	4,206,829
U.S. mid capitalization	449,950	-	-	449,950
U.S. small capitalization	535,142	-	-	535,142
International Developed Market	477,295	-	-	477,295
Total investments	<u>10,826,736</u>	<u>1,350,946</u>	<u>-</u>	<u>12,177,682</u>
<b>Charitable Gift Annuities -</b>				
Money market funds	17,295	-	-	17,295
Fixed income notes and treasuries	157,394	-	-	157,394
Mutual funds:				
U.S. large capitalization	11,317	-	-	11,317
Exchange traded funds:				
U.S. large capitalization	175,421	-	-	175,421
Total charitable gift annuities	<u>361,427</u>	<u>-</u>	<u>-</u>	<u>361,427</u>
	<u>\$ 11,188,163</u>	<u>\$ 1,350,946</u>	<u>\$ -</u>	<u>\$ 12,539,109</u>

## 17. SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 30, 2023 which is the date the financial statements were issued.

# WMHT EDUCATIONAL TELECOMMUNICATIONS, INC.

## SCHEDULE OF DISCRETE INFORMATION FOR CORPORATION FOR PUBLIC BROADCASTING COMMUNITY SERVICES GRANTEEES FOR THE YEAR ENDED JUNE 30, 2023

	<u>Television</u>	<u>Radio</u>	<u>Total</u>
<b>SUPPORT AND REVENUE:</b>			
Contributions and memberships	\$ 3,210,951	\$ 1,399,223	\$ 4,610,174
New York State Department of Education grants	1,436,255	60,331	1,496,586
Corporation for Public Broadcasting grants	1,579,442	199,033	1,778,475
Program underwriting	467,006	213,896	680,902
Production revenue and underwriting	519,665	-	519,665
Interest and dividends	207,810	49,097	256,907
Other revenue	103,251	28,865	132,116
Other grants	87,580	800	88,380
Contributions from charitable gift annuity agreements	8,217	-	8,217
	<u>7,620,177</u>	<u>1,951,245</u>	<u>9,571,422</u>
Total support and revenue			
<b>EXPENSES:</b>			
Programming and production	4,609,649	1,333,771	5,943,420
Management and general	973,205	171,742	1,144,947
Fundraising and membership development	669,267	118,106	787,373
Broadcasting	456,509	129,699	586,208
Program information and production	237,474	41,907	279,381
	<u>6,946,104</u>	<u>1,795,225</u>	<u>8,741,329</u>
Total expenses			
<b>NON-OPERATING INCOME (LOSS):</b>			
Net realized and unrealized gain on investments	744,350	163,025	907,375
Change in charitable gift annuity agreements	(8,714)	-	(8,714)
Equity loss on share of investee companies	(70,604)	-	(70,604)
Loss on sale of property and equipment	(11,544)	-	(11,544)
Other non-operating expenses	(61,630)	(20,543)	(82,173)
	<u>(111,136)</u>	<u>(20,543)</u>	<u>(131,679)</u>
Total other revenue, expenses, gains, and losses	<u>\$ 591,858</u>	<u>\$ 142,482</u>	<u>\$ 734,340</u>

The accompanying notes are an integral part of this schedule.