

WMHT EDUCATIONAL TELECOMMUNICATIONS, INC.

**Financial Statements
as of June 30, 2024
Together with
Independent Auditor's Report**

INDEPENDENT AUDITOR'S REPORT

November 25, 2024

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, 2024, 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, 2024, 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.

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.

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INDEPENDENT AUDITOR'S REPORT

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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 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 30, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, 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 in Schedule I 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 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, 2024

(With Comparative Totals for 2023)

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 1,507,899	\$ 1,587,228
Accounts receivables, net of allowance for credit losses of approximately \$11,000 for 2024 and 2023	361,916	324,982
Investments	16,733,156	13,872,238
Restricted investments	27,875	26,441
Prepaid expenses and other assets	<u>150,265</u>	<u>146,444</u>
Total current assets	<u>18,781,111</u>	<u>15,957,333</u>
PROPERTY AND EQUIPMENT, net	<u>6,963,795</u>	<u>7,275,467</u>
BROADCAST LICENSES, net	<u>831,099</u>	<u>869,755</u>
OTHER ASSETS:		
Assets held under charitable gift annuity agreements	524,587	399,191
Ownership interest in investee companies	506,830	663,219
Right-of-use assets - operating leases	945,151	1,004,497
Right-of-use assets - finance leases	3,253	-
Other long-term assets	<u>12,597</u>	<u>12,438</u>
Total other assets	<u>1,992,418</u>	<u>2,079,345</u>
	<u>\$ 28,568,423</u>	<u>\$ 26,181,900</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Current installments of long-term debt	\$ -	403,119
Current installments of charitable gift annuity agreements	12,142	8,714
Accounts payable	368,250	195,145
Accrued expenses and other liabilities	155,275	255,710
Current portion of operating lease liabilities	87,259	80,265
Current portion of finance lease liabilities	3,773	-
Deferred revenue	<u>186,000</u>	<u>365,533</u>
Total current liabilities	<u>812,699</u>	<u>1,308,486</u>
LONG-TERM LIABILITIES		
Operating lease liabilities, net of current portion	324,165	370,711
Charitable gift annuity agreements, net of current portion	<u>72,789</u>	<u>40,745</u>
Total long-term liabilities	<u>396,954</u>	<u>411,456</u>
Total liabilities	<u>1,209,653</u>	<u>1,719,942</u>
NET ASSETS:		
Without donor restrictions	27,323,895	24,369,017
With donor restrictions	<u>34,875</u>	<u>92,941</u>
Total net assets	<u>27,358,770</u>	<u>24,461,958</u>
	<u>\$ 28,568,423</u>	<u>\$ 26,181,900</u>

The accompanying notes are an integral part of these statements.

WMHT EDUCATIONAL TELECOMMUNICATIONS, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2024 (With Comparative Totals for 2023)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2024	2023
SUPPORT AND REVENUE:				
Contributions and memberships	\$ 5,712,209	\$ -	\$ 5,712,209	\$ 4,610,174
Corporation for Public Broadcasting grants	1,597,703	-	1,597,703	1,778,475
New York State Department of Education grants	1,464,477	-	1,464,477	1,496,586
Program underwriting	698,950	-	698,950	680,902
Production revenue and underwriting	556,984	-	556,984	519,665
Interest and dividends	364,869	1,434	366,303	256,907
Other revenue	132,140	-	132,140	132,116
Other grants	107,055	-	107,055	88,380
Contributions from charitable gift annuity agreements	39,528	-	39,528	8,217
Net assets released from restrictions	59,500	(59,500)	-	-
Total support and revenue	10,733,415	(58,066)	10,675,349	9,571,422
EXPENSES:				
Program services:				
Television activities	5,333,334	-	5,333,334	4,992,297
Radio activities	1,503,044	-	1,503,044	1,333,771
Educational activities	290,338	-	290,338	203,560
Public communications	382,626	-	382,626	279,381
Total program services	7,509,342	-	7,509,342	6,809,009
Management and general	974,750	-	974,750	1,144,947
Fund raising/development	674,165	-	674,165	787,373
Total expenses	9,158,257	-	9,158,257	8,741,329
CHANGE IN NET ASSETS FROM OPERATIONS	1,575,158	(58,066)	1,517,092	830,093
NON-OPERATING INCOME (LOSS):				
Net realized and unrealized gain on investments	1,564,244	-	1,564,244	907,375
Change in charitable gift annuity agreements	(12,142)	-	(12,142)	(8,714)
Equity loss on share of investee companies	(156,389)	-	(156,389)	(70,604)
Loss on sale of property and equipment	(15,993)	-	(15,993)	(11,544)
Other non-operating expenses	-	-	-	(82,173)
Total non-operating income (loss)	1,379,720	-	1,379,720	734,340
CHANGE IN NET ASSETS	2,954,878	(58,066)	2,896,812	1,564,433
NET ASSETS - beginning of year	24,369,017	92,941	24,461,958	22,897,525
NET ASSETS - end of year	\$ 27,323,895	\$ 34,875	\$ 27,358,770	\$ 24,461,958

The accompanying notes are an integral part of these statements.

WMHT EDUCATIONAL TELECOMMUNICATIONS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2024

(With Comparative Totals for 2023)

	Program Services				Management and General	Fund Raising/ Development	Total	
	Television	Radio	Educational	Public Communications			2024	2023
Salaries	\$ 1,451,349	\$ 595,464	\$ 153,977	\$ 200,383	\$ 404,041	\$ 353,605	\$ 3,158,819	\$ 3,141,849
Outside services	850,413	142,475	4,191	71,338	33,265	31,248	1,132,930	993,101
Broadcast rights	946,655	79,632	-	-	-	-	1,026,287	930,004
Benefits and payroll taxes	369,309	130,789	33,177	52,216	87,666	82,832	755,989	744,443
Depreciation and amortization	381,013	119,880	13,539	13,539	49,242	56,085	633,298	616,003
Computer service	141,039	65,266	5,188	10,406	125,625	65,812	413,336	423,842
Network fees	266,476	54,390	-	-	-	-	320,866	290,223
Utilities	111,880	41,264	5,825	5,825	17,473	17,473	199,740	146,393
Bank and other fees	103,140	44,439	-	-	46,906	-	194,485	183,961
Maintenance	155,136	8,705	24,092	-	985	-	188,918	200,727
Travel and entertainment	56,339	5,924	11,946	4,647	87,228	14,714	180,798	172,159
Consulting and professional	42,929	-	1,634	17,500	63,563	-	125,626	126,616
Rent	36,339	69,413	936	936	2,807	2,807	113,238	115,150
Printing	72,205	30,913	2,021	-	6,243	-	111,382	112,536
Postage and shipping	72,058	30,895	157	-	1,648	-	104,758	91,014
Insurance	40,793	20,396	5,099	5,099	15,298	15,298	101,983	96,288
Membership	86,321	-	12,845	-	-	-	99,166	89,709
Telephone	59,784	24,024	-	400	972	2,525	87,705	74,355
Cost of goods sold	59,036	22,711	-	-	-	-	81,747	81,739
Other material and supplies	9,518	14,410	6,400	87	9,487	27	39,929	16,600
Advertising	1,339	79	2,946	250	3,910	24,101	32,625	17,192
Studio materials and supplies	11,199	27	6,365	-	-	-	17,591	22,665
Dues and subscriptions	856	1,948	-	-	9,302	4,703	16,809	25,564
Equipment rental	5,245	-	-	-	2,666	-	7,911	10,802
Interest	520	-	-	-	6,423	-	6,943	13,724
Credit loss expense	-	-	-	-	-	2,935	2,935	963
Security	2,443	-	-	-	-	-	2,443	3,707
2024 Totals	<u>\$ 5,333,334</u>	<u>\$ 1,503,044</u>	<u>\$ 290,338</u>	<u>\$ 382,626</u>	<u>\$ 974,750</u>	<u>\$ 674,165</u>	<u>\$ 9,158,257</u>	<u>\$ 8,741,329</u>
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>		

The accompanying notes are an integral part of these statements.

WMHT EDUCATIONAL TELECOMMUNICATIONS, INC.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2024 (With Comparative Totals for 2023)

	<u>2024</u>	<u>2023</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,896,812	\$ 1,564,433
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Net realized and unrealized gain on investments	(1,564,244)	(907,375)
Credit losses	2,935	963
Depreciation and amortization	633,298	616,003
Loss on sale of property and equipment	15,993	11,544
Change in value of charitable gift annuity agreements	12,142	8,714
Equity loss on share of investee companies	156,389	70,604
Interest expense related to deferred financing costs	6,881	13,761
Changes in operating assets and liabilities:		
Accounts receivable	(39,869)	140,593
Capital campaign and other pledges receivable	-	112,527
Prepaid expenses and other assets	(3,821)	8,928
Other long-term assets	(159)	-
Accounts payable	173,105	(60,157)
Accrued expenses and other liabilities	(100,435)	31,525
Operating lease liabilities	19,794	8,952
Deferred revenue	(179,533)	(60,457)
Charitable gift annuity agreement obligations	23,330	(6,931)
Net cash flow from operating activities	<u>2,052,618</u>	<u>1,553,627</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of investments	(10,426,257)	(7,470,163)
Proceeds from sale of investments	9,002,753	6,618,777
Purchases of property and equipment	<u>(298,963)</u>	<u>(386,807)</u>
Net cash flow from investing activities	<u>(1,722,467)</u>	<u>(1,238,193)</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Principal payments on long-term debt	(410,000)	(390,000)
Repayment of finance lease liability	520	-
Net cash flow from financing activities	<u>(409,480)</u>	<u>(390,000)</u>
CHANGE IN CASH	(79,329)	(74,566)
CASH - beginning of year	<u>1,587,228</u>	<u>1,661,794</u>
CASH - end of year	<u>\$ 1,507,899</u>	<u>\$ 1,587,228</u>
SUPPLEMENTARY CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ 6,943</u>	<u>\$ 13,724</u>

The accompanying notes are an integral part of these statements.

WMHT EDUCATIONAL TELECOMMUNICATIONS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

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 (GAAP).

Recently Adopted Accounting Guidance – CECL

Accounting Standards Codification (ASC) Topic 326, *Financial Instruments – Credit Losses*, requires certain financial assets to be measured at amortized cost net of an allowance for estimated credit losses. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The estimated credit loss is required to be based on historical information, current conditions, and forecasts that could impact the collectability of the amounts. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses.

Effective July 1, 2023, WMHT adopted ASC 326 using the modified retrospective approach for all financial assets measured at amortized cost. The new accounting pronouncement did not have a material impact on the financial statements and primarily resulted in enhanced disclosure only. Results for periods beginning after July 1, 2023 are presented under CECL while prior period amounts continue to be reported and disclosed in accordance with previously applicable accounting standards.

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable include uncollateralized obligations primarily for underwriting programs and other various programs and are carried at the original invoice amount, net of an allowance for credit losses. Accounts receivables are generally billed at the beginning of each month requiring payment within 30 days.

Allowance for Credit Losses

Accounts for which no payments have been received for 90 days are considered delinquent and customary collection efforts are begun. After all collection efforts are exhausted, the account is written off. For the years following July 1, 2023 WMHT recognizes an expected allowance for credit losses that is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist, and receivables are evaluated individually when specific customer balances no longer share those risk characteristics and are considered at risk or uncollectible. The estimated allowance for credit losses is based on historical, current, and expected future conditions. The historical component is derived from a review of WMHT's historical losses relative to gross receivables. The current and expected future economic conditions have not impacted the economic conditions included in the historical information. As a result, the allowance for credit losses was not impacted for current and expected future conditions on historical losses.

For the year ended June 30, 2023, losses from uncollectible accounts receivable were recognized when it was probable that a receivable was uncollectible and the amount of the loss could be reasonably estimated. The allowance for credit losses was based on past credit history with customers, known and inherent collection risks, and current economic conditions.

Changes in the allowance for credit losses for the year ended June 30, 2024 were as follows:

Beginning balance	\$	11,303
Provision for credit losses		2,935
Write-offs		<u>(2,935)</u>
Ending balance	\$	<u>11,303</u>

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 that 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

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, 2024 and 2023.

Restricted Investments

Investments held for operating costs of a piano are reported as restricted investments on the statement of financial position for the years ended June 30, 2024 and 2023, respectively.

Property and Equipment, net

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 value at the date of receipt.

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 \$715,132 and \$676,476 at June 30, 2024 and 2023, respectively. Amortization expense was approximately \$39,000 for the years ended June 30, 2024 and 2023. 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, 2024 and 2023.

Leases

WMHT determines if an arrangement is a lease at inception. Right-of-use (ROU) assets represent WMHT'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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

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 ROU 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.

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, 2024 or 2023.

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.

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.

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 \$7,000 and \$14,000 for the years ended June 30, 2024 and 2023, respectively. The final payment on the bond issue was made on of December 1, 2023, as such deferred financing costs are amortized in full as of June 30, 2024.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 \$28,000 and \$86,000 of net assets with donor restrictions at June 30, 2024 and 2023, respectively.

At June 30, 2024 and 2023, net assets with donor designated purpose were restricted for a piano fund.

Net assets with donor restrictions also 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 to be maintained in perpetuity at both June 30, 2024 and 2023 were \$7,000.

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 in the statement of activities.

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. Funds advanced to WMHT prior to the earnings process are deferred and included as deferred revenue in the statement of financial position.

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.

Advertising Costs

Advertising costs are expense as incurred. Total advertising costs were \$32,625 and \$17,192 for the years ended June 30, 2024 and 2023, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 change in net assets from operations. 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, insurance, utilities, rent 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.

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, and exchange traded funds 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 and assets held under charitable gift annuity agreements 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement – Definition and Hierarchy (Continued)

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 AND AVAILABILITY

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>2024</u>	<u>2023</u>
Financial assets:		
Cash	\$ 1,507,899	\$ 1,587,228
Accounts receivable, net	361,916	324,982
Investments	16,733,156	13,872,238
Restricted investments	<u>27,875</u>	<u>26,441</u>
	18,630,846	15,810,889
Less: Assets unavailable for general expenditures		
Net assets with donor restrictions	<u>(34,875)</u>	<u>(92,941)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 18,595,971</u>	<u>\$ 15,717,948</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.

4. ACCOUNTS RECEIVABLE, NET OF ALLOWANCE

Accounts receivable consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Program underwriting	\$ 235,880	\$ 246,174	\$ 289,553
Production	73,883	64,063	162,201
Interest receivable	46,546	25,398	20,340
Other receivables	<u>16,910</u>	<u>650</u>	<u>5,747</u>
Total	373,219	336,285	477,841
Less: Allowance for credit losses	<u>(11,303)</u>	<u>(11,303)</u>	<u>(11,303)</u>
Accounts receivable, net of allowance	<u>\$ 361,916</u>	<u>\$ 324,982</u>	<u>\$ 466,538</u>

5. INVESTMENTS

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

	<u>2024</u>	<u>2023</u>
Money market funds	\$ 406,075	\$ 81,115
U.S. treasury/agency securities	4,670,216	5,135,543
Corporate bonds	2,907,242	1,593,950
Mutual funds	407,735	515,526
Exchange traded funds	<u>8,369,763</u>	<u>6,572,545</u>
	<u>\$ 16,761,031</u>	<u>\$ 13,898,679</u>

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Building	\$ 9,203,841	\$ 9,215,849
Transmitter and tower	3,302,976	3,228,604
Studio and technical equipment	5,562,224	5,640,008
Furniture, fixtures, and equipment	1,429,546	1,348,602
Vehicles	<u>31,559</u>	<u>31,559</u>
	19,530,146	19,464,622
Less: Accumulated depreciation	<u>(12,566,351)</u>	<u>(12,189,155)</u>
	<u>\$ 6,963,795</u>	<u>\$ 7,275,467</u>

Depreciation expense for the years ended June 30, 2024 and 2023 was approximately \$594,000 and \$577,000, respectively.

7. LEASES

WMHT leases land and equipment that are operating leases that will expire on various dates between May 2025 and May 2030. The renewal options are not recognized as part of the ROU asset and lease liability.

The components of total lease cost costs were as follows at June 30:

	<u>2024</u>	<u>2023</u>
Finance lease cost:		
Amortization of right-of-use assets	\$ 3,904	\$ -
Interest on lease liabilities	415	-
Operating lease cost	102,069	87,626
Short-term lease cost	3,715	6,606
Variable lease cost	<u>199,740</u>	<u>146,392</u>
 Total lease cost	 <u>\$ 309,843</u>	 <u>\$ 240,624</u>

Supplemental cash flow information related to leases was as follows at June 30:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 100,988	\$ 77,103
Operating cash flows from finance leases	439	-
Financing cash flows from finance leases	<u>3,758</u>	<u>-</u>
 Total	 <u>\$ 105,185</u>	 <u>\$ 77,103</u>
 ROU assets obtained in exchange for lease obligations:		
Operating leases	\$ 48,296	\$ 515,927
Finance leases	<u>6,832</u>	<u>-</u>
 Total	 <u>\$ 55,128</u>	 <u>\$ 515,927</u>

Other information related to leases at June 30:

	<u>2024</u>	<u>2023</u>
Weighted-average remaining lease term:		
Operating leases	8.12 years	8.21 years
Finance leases	0.92 years	N/A
 Weighted-average discount rate:		
Operating leases	2.97%	2.71%
Finance leases	7.55%	N/A

7. LEASES (Continued)

Maturities of lease liabilities are as follows for the years ending June 30:

	<u>Finance</u>	<u>Operating</u>
2025	\$ 3,897	\$ 100,560
2026	-	94,477
2027	-	88,451
2028	-	83,340
2029	-	42,641
Thereafter	<u>-</u>	<u>34,859</u>
Total lease payments	3,897	444,328
Less: Interest	<u>(124)</u>	<u>(32,904)</u>
Total present value of lease liabilities	3,773	411,424
Less: Current portion of lease liabilities	<u>3,773</u>	<u>87,259</u>
Long-term portion of lease liabilities	<u>\$ -</u>	<u>\$ 324,165</u>

8. 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, 2024 and 2023.

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 1.0% to 8.4% and life expectancies based on published single and multiple life expectancy tables.

9. 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 \$176,532 and \$186,105 as of June 30, 2024 and 2023, 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 17.57% 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).

WMHT has an equity ownership interest in Centralcast totaling \$330,298 and \$477,114 as of June 30, 2024 and 2023, 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 \$156,000 (\$32,000 infrastructure fees and \$124,000 service fees) during the year ended June 30, 2024 and \$111,000 (\$25,000 infrastructure fees and \$86,000 service fees) during the year ended June 30, 2023.

Under a joint master control provider agreement, WMHT is committed to paying quarterly infrastructure and service fees approximating \$39,000.

10. LINE OF CREDIT

WMHT has a \$1,000,000 working capital line of credit issued by a bank through June 30, 2024. Amounts borrowed are collateralized by certain assets of WMHT and bear interest at the prime rate plus 2.00% (7.37% and 8.15% as of June 30, 2024 and 2023, respectively). There were no amounts outstanding at June 30, 2024 and 2023.

There was no interest expense on borrowings during the years ended June 30, 2024 and 2023.

11. LONG-TERM DEBT

WMHT's long-term debt consisted of the following at June 30, 2023:

Bond payable, due in various installments, including interest of approximately 4.24% at June 30, 2023 and 4.24% at June 30, 2022, maturing December 2023.	\$ 410,000
Less: Current installments	(403,119)
Less: Unamortized deferred financing costs	<u>(6,881)</u>
Long-term debt, net of current portion and deferred financing costs	<u>\$ -</u>

There was no long-term debt outstanding at June 30, 2024.

11. LONG-TERM DEBT (Continued)

WMHT had 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 was collateralized by a first mortgage as well as a direct-pay letter of credit. The letter of credit (issued by a bank) had a zero balance at June 30, 2024 and 2023 and was secured by the assets financed by the tax-exempt bond issue. The letter of credit associated with the bond payable expired as of December 22, 2023 and was not renewed.

The bond payable, as disclosed above, contained a debt service ratio financial covenant measured annually at June 30. It was determined that WMHT was in compliance with the covenant as of and for the years ended June 30, 2024 and 2023. The bond has been paid in full as of June 30, 2024.

Interest expense related to long-term debt was \$6,943 and \$13,724 for the years ended June 30, 2024 and 2023, respectively.

12. RETIREMENT PLAN

WMHT sponsors 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). WMHT's contributions to the plan were \$171,233 and \$184,051 for the years ended June 30, 2024 and 2023, respectively.

13. COMMITMENTS AND CONTIGENCIES

Maintenance Contracts

WMHT has certain equipment under maintenance contracts. These contracts require monthly payments ranging from \$33 to \$1,961 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:

2025	\$	40,462
2026		17,140
2027		10,234
2028		<u>4,000</u>
	\$	<u>71,836</u>

Expenses incurred on these contracts totaled \$105,736 and \$101,973 during the years ended June 30, 2024 and 2023, respectively.

14. RISK AND UNCERTAINTIES

Significant Concentration

Approximately 29% and 31% of WMHT's total support and revenue was derived from two funding sources for the years ended June 30, 2024 and 2023, respectively. No other funding source accounted for more than 10% of WMHT's total support and revenue.

15. 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, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments -				
Money market funds	\$ 406,075	\$ -	\$ -	\$ 406,075
US treasury/agency securities	4,670,216	-	-	4,670,216
Corporate bonds	-	2,907,242	-	2,907,242
Mutual funds	407,735	-	-	407,735
Exchange traded funds:				
U.S. large capitalization	6,318,535	-	-	6,318,535
U.S. mid capitalization	831,873	-	-	831,873
U.S. small capitalization	398,824	-	-	398,824
International Developed Market	820,531	-	-	820,531
	<u>13,853,789</u>	<u>2,907,242</u>	<u>-</u>	<u>16,761,031</u>
Total investments				
Charitable Gift Annuities -				
Money market funds	-	31,208	-	31,208
Fixed income notes and treasuries	-	224,267	-	224,267
Mutual funds:				
U.S. large capitalization	-	16,050	-	16,050
Exchange traded funds:				
U.S. large capitalization	-	253,062	-	253,062
	<u>-</u>	<u>524,587</u>	<u>-</u>	<u>524,587</u>
Total charitable gift annuities				
	<u>\$ 13,853,789</u>	<u>\$ 3,431,829</u>	<u>\$ -</u>	<u>\$ 17,285,618</u>

15. FAIR VALUE MEASUREMENTS (Continued)

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>
Investments -				
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	<u>655,138</u>	<u>-</u>	<u>-</u>	<u>655,138</u>
 Total investments	<u>12,304,729</u>	<u>1,593,950</u>	<u>-</u>	<u>13,898,679</u>
 Charitable Gift Annuities -				
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	<u>-</u>	<u>206,125</u>	<u>-</u>	<u>206,125</u>
 Total charitable gift annuities	<u>-</u>	<u>399,191</u>	<u>-</u>	<u>399,191</u>
	<u>\$ 12,304,729</u>	<u>\$ 1,993,141</u>	<u>\$ -</u>	<u>\$ 14,297,870</u>

16. SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 25, 2024 which is the date the financial statements were issued.

WMHT EDUCATIONAL TELECOMMUNICATIONS, INC.

Schedule I

**SCHEDULE OF DISCRETE INFORMATION FOR CORPORATION FOR PUBLIC BROADCASTING
COMMUNITY SERVICES GRANTEEES
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Television</u>	<u>Radio</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Contributions and memberships	\$ 4,142,613	\$ 1,569,597	\$ 5,712,210
New York State Department of Education grants	1,375,084	89,393	1,464,477
Corporation for Public Broadcasting grants	1,476,710	120,993	1,597,703
Program underwriting	445,008	253,942	698,950
Production revenue and underwriting	556,984	-	556,984
Interest and dividends	281,724	84,579	366,303
Other revenue	83,646	48,493	132,139
Other grants	107,055	-	107,055
Contributions from charitable gift annuity agreements	<u>39,528</u>	<u>-</u>	<u>39,528</u>
 Total support and revenue	 <u>\$ 8,508,352</u>	 <u>\$ 2,166,997</u>	 <u>\$ 10,675,349</u>
EXPENSES:			
Programming and production	\$ 4,977,586	\$ 1,503,044	\$ 6,480,630
Management and general	828,537	146,212	974,749
Fund raising and membership development	573,040	101,125	674,165
Broadcasting	503,139	142,947	646,086
Program information and production	<u>325,233</u>	<u>57,394</u>	<u>382,627</u>
 Total expenses	 <u>\$ 7,207,535</u>	 <u>\$ 1,950,722</u>	 <u>\$ 9,158,257</u>
NON-OPERATING INCOME (LOSS):			
Net realized and unrealized gain on investments	\$ 1,212,519	\$ 351,725	\$ 1,564,244
Change in charitable gift annuity agreements	(12,142)	-	(12,142)
Equity loss on share of investee companies	(156,389)	-	(156,389)
Loss on sale of property and equipment	<u>(15,993)</u>	<u>-</u>	<u>(15,993)</u>
 Total other revenue, expenses, gains, and losses	 <u>\$ 1,027,995</u>	 <u>\$ 351,725</u>	 <u>\$ 1,379,720</u>

The accompanying notes are an integral part of this schedule.