

WMHT EDUCATIONAL TELECOMMUNICATIONS, INC.

**Financial Statements
as of June 30, 2022
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

November 23, 2022

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, 2022, and the related statements of activities, cash flows, and functional expenses 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, 2022, 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 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 18, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, 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. 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, 2022

(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 1,636,285	\$ 2,571,291
Restricted cash	25,509	25,505
Accounts receivables, net	466,538	471,597
Investments	12,177,682	10,798,789
Capital campaign and other pledges receivable	112,527	225,065
Prepaid expenses and other assets	<u>155,372</u>	<u>254,049</u>
Total current assets	<u>14,573,913</u>	<u>14,346,296</u>
PROPERTY AND EQUIPMENT, net	<u>7,477,551</u>	<u>7,894,780</u>
BROADCAST LICENSES, net	<u>908,411</u>	<u>947,066</u>
OTHER LONG-TERM ASSETS:		
Capital campaign and other pledges receivable, net	-	2,000
Long-term prepaid expenses	562,473	581,185
Assets held under charitable gift annuity agreements	361,427	349,704
Ownership interest in investee companies	733,823	692,312
Other long-term assets	<u>12,438</u>	<u>12,149</u>
Total other long-term assets	<u>1,670,161</u>	<u>1,637,350</u>
	<u>\$ 24,630,036</u>	<u>\$ 24,825,492</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Current installments of long-term debt	\$ 390,000	\$ 375,000
Current installments of charitable gift annuity agreements	6,659	4,921
Accounts payable	255,302	384,183
Accrued expenses and other liabilities	224,185	251,423
Deferred revenue	<u>425,990</u>	<u>716,479</u>
Total current liabilities	<u>1,302,136</u>	<u>1,732,006</u>
LONG-TERM LIABILITIES, less current installments:		
Long-term debt	389,358	765,597
Charitable gift annuity agreements	<u>41,017</u>	<u>24,488</u>
Total long-term liabilities	<u>430,375</u>	<u>790,085</u>
Total liabilities	<u>1,732,511</u>	<u>2,522,091</u>
NET ASSETS:		
Without donor restrictions	22,782,516	22,239,396
With donor restrictions	<u>115,009</u>	<u>64,005</u>
Total net assets	<u>22,897,525</u>	<u>22,303,401</u>
	<u>\$ 24,630,036</u>	<u>\$ 24,825,492</u>

The accompanying notes are an integral part of these statements.

WMHT EDUCATIONAL TELECOMMUNICATIONS, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2022

(With Comparative Totals for 2021)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2022	2021
SUPPORT AND REVENUE:				
Contributions and memberships	\$ 5,523,012	\$ 7,500	\$ 5,530,512	\$ 4,709,948
Corporation for Public Broadcasting grants	1,699,611	-	1,699,611	1,301,986
New York State Department of Education grants	1,158,444	-	1,158,444	1,156,379
Program underwriting	649,304	-	649,304	834,559
Production revenue and underwriting	571,244	57,500	628,744	347,925
Interest and dividends	200,633	4	200,637	158,330
Other revenue	115,389	-	115,389	374,305
Other grants	31,930	-	31,930	55,150
Contributions from charitable gift annuity agreements	31,812	-	31,812	11,621
Capital campaign contributions	10,500	-	10,500	10,900
Capital grants	10,000	-	10,000	30,736
Video and book sales, net of discounts	546	-	546	2,976
Paycheck Protection Program forgiveness	-	-	-	705,457
Net assets released from restrictions	14,000	(14,000)	-	-
Total support and revenue	10,016,425	51,004	10,067,429	9,700,272
EXPENSES:				
Program services:				
Television activities	4,538,478	-	4,538,478	4,344,216
Radio activities	1,183,393	-	1,183,393	1,113,642
Educational activities	176,169	-	176,169	126,983
Public communications	258,350	-	258,350	280,507
Total program services	6,156,390	-	6,156,390	5,865,348
Management and general	1,019,499	-	1,019,499	945,097
Fund raising/development	1,056,951	-	1,056,951	1,306,990
Total expenses	8,232,840	-	8,232,840	8,117,435
CHANGE IN NET ASSETS BEFORE OTHER REVENUE, EXPENSES, GAINS, AND LOSSES				
	1,783,585	51,004	1,834,589	1,582,837
OTHER REVENUE, EXPENSES, GAINS, AND LOSSES:				
Net realized and unrealized (loss) gain on investments	(1,274,308)	-	(1,274,308)	1,672,096
Change in charitable gift annuity agreements	(6,659)	-	(6,659)	(4,921)
Equity gain on share of investee companies	41,511	-	41,511	34,642
Loss on sale of property and equipment	(1,009)	-	(1,009)	-
Total other revenue, expenses, gains, and losses	(1,240,465)	-	(1,240,465)	1,701,817
CHANGE IN NET ASSETS	543,120	51,004	594,124	3,284,654
NET ASSETS - beginning of year	22,239,396	64,005	22,303,401	19,018,747
NET ASSETS - end of year	\$ 22,782,516	\$ 115,009	\$ 22,897,525	\$ 22,303,401

The accompanying notes are an integral part of these statements.

WMHT EDUCATIONAL TELECOMMUNICATIONS, INC.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2022

(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 594,124	\$ 3,284,654
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Net realized and unrealized loss (gain) on investments	1,274,308	(1,672,096)
Depreciation	585,616	614,289
Change in value of charitable gift annuity agreements	6,659	4,921
Equity gain on share of investee companies	(41,511)	(34,642)
Loss on sale of property and equipment	1,009	-
Interest expense related to deferred financing costs	13,761	13,761
Forgiveness of Paycheck Protection Program loan	-	(705,457)
Changes in:		
Accounts receivable	5,059	(100,472)
Capital campaign and other pledges receivable	114,538	122,897
Prepaid expenses and other assets	98,677	(54,753)
Other long-term assets	18,423	18,211
Accounts payable	(128,881)	86,797
Accrued expenses and other liabilities	(27,238)	50,033
Deferred revenue	(290,489)	677,891
Charitable gift annuity agreement obligations	11,608	(6,542)
Net cash flow from operating activities	<u>2,235,663</u>	<u>2,299,492</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	5,275,835	4,419,021
Purchases of investments	(7,940,760)	(5,375,783)
Purchases of property and equipment	(130,740)	(121,096)
Net cash flow from investing activities	<u>(2,795,665)</u>	<u>(1,077,858)</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Principal payments on long-term debt	(375,000)	(360,000)
Net cash flow from financing activities	<u>(375,000)</u>	<u>(360,000)</u>
CHANGE IN CASH	(935,002)	861,634
CASH - beginning of year	<u>2,596,796</u>	<u>1,735,162</u>
CASH - end of year	<u>\$ 1,661,794</u>	<u>\$ 2,596,796</u>
SUPPLEMENTARY CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ 2,617</u>	<u>\$ 1,834</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, 2022

(With Comparative Totals for 2021)

	Program Services				Management and General	Fund Raising/ Development	Total	
	Television	Radio	Educational	Public Communications			2022	2021
Salaries	\$ 1,254,610	\$ 475,639	\$ 107,318	\$ 164,947	\$ 400,513	\$ 362,321	\$ 2,765,348	\$ 2,867,533
Outside services	579,069	33,226	1,234	15,310	67,901	324,445	1,021,185	915,692
Broadcast rights	873,328	87,530	-	-	-	-	960,858	963,266
Benefits and payroll taxes	304,475	119,737	14,557	46,924	85,846	92,149	663,688	687,495
Depreciation	343,689	117,702	13,447	13,447	46,302	51,029	585,616	614,289
Computer service	39,386	25,382	1,883	15,212	122,236	186,576	390,675	359,484
Network fees	240,275	76,692	-	-	-	-	316,967	310,175
Maintenance	159,237	6,373	24,092	-	691	-	190,393	153,907
Bank and other fees	98,552	35,311	-	-	50,699	3,762	188,324	190,540
Utilities	150,664	3,666	-	-	-	-	154,330	182,403
Consulting and professional	24,775	9,550	500	-	86,598	-	121,423	81,083
Printing	81,374	27,125	-	843	4,228	2,043	115,613	96,634
Rent	48,810	59,855	-	-	-	-	108,665	95,310
Insurance	-	-	-	-	105,525	-	105,525	107,672
Cost of goods sold	79,981	18,335	-	-	-	-	98,316	148,019
Postage and shipping	55,428	17,914	5	-	1,347	17,299	91,993	105,590
Membership	73,039	-	11,705	-	-	-	84,744	77,457
Travel and entertainment	48,274	2,453	303	-	24,993	6,587	82,610	16,362
Telephone	46,926	24,430	-	-	1,711	3,401	76,468	79,804
Other material and supplies	9,592	40,384	798	18	2,922	134	53,848	14,535
Dues and subscriptions	304	2,079	-	-	7,732	4,078	14,193	14,321
Studio materials and supplies	9,874	-	-	1,649	-	-	11,523	7,940
Security	10,087	-	-	-	-	-	10,087	2,502
Advertising	1,402	10	327	-	5,616	892	8,247	8,138
Equipment rental	5,327	-	-	-	2,022	-	7,349	7,875
Interest	-	-	-	-	2,617	-	2,617	1,834
Bad debt	-	-	-	-	-	2,235	2,235	7,315
Videotape	-	-	-	-	-	-	-	260
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>	<u>\$ 8,232,840</u>	<u>\$ 8,117,435</u>
2021 Totals	<u>\$ 4,344,216</u>	<u>\$ 1,113,642</u>	<u>\$ 126,983</u>	<u>\$ 280,507</u>	<u>\$ 945,097</u>	<u>\$ 1,306,990</u>		

The accompanying notes are an integral part of these statements.

WMHT EDUCATIONAL TELECOMMUNICATIONS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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.

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.

Restricted Cash

Cash held for operating costs of a piano are reported as restricted cash on the statement of financial position.

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, 2022 and 2021.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2022 and 2021.

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% and 1% was used to present the value of pledges during the years ended June 30, 2022 and 2021, respectively. In addition, WMHT determined that no allowance for potential uncollectible pledges was necessary at both June 30, 2022 and 2021.

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.

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, 2022 or 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 license pertained to costs incurred in obtaining the initial radio broadcasting license and is amortized over 40 years. The broadcast license is stated at cost of \$1,546,231, net of accumulated amortization of \$637,820 and \$599,165 at June 30, 2022 and 2021, respectively. Amortization expense was approximately \$39,000 for the years ended June 30, 2022 and 2021. 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, 2022 and 2021.

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 each of the years ended June 30, 2022 and 2021. Amortization is expected to be approximately \$14,000 and \$7,000 during the years ending June 30, 2023 and 2024, respectively.

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.

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 \$115,000 and \$64,000 of net assets with donor restrictions at June 30, 2022 and 2021, respectively. At June 30, 2022, 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 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 in perpetuity at both June 30, 2022 and 2021 were \$7,000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

Fair Value Measurement

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, fixed income funds, exchange traded funds, and assets held under charitable gift annuity agreements are valued utilizing Level 1 inputs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement (Continued)

- 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.

Income Taxes

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>2022</u>	<u>2021</u>
Financial assets:		
Cash and restricted cash	\$ 1,661,794	\$ 2,596,796
Accounts receivable, net	466,538	471,597
Investments	12,177,682	10,798,789
Capital campaign and other pledges receivable	<u>112,527</u>	<u>225,065</u>
	14,418,541	14,092,247
Less: Assets unavailable for general expenditures within one year due to:		
Restricted cash	(25,509)	(25,505)
Net assets with donor restrictions	<u>(89,500)</u>	<u>(38,500)</u>
	<u>\$ 14,303,532</u>	<u>\$ 14,028,242</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>2022</u>	<u>2021</u>
Program underwriting	\$ 289,553	\$ 429,618
Production	162,201	27,777
Interest receivable	20,340	15,445
Grants receivable - FCC & PBS/T-Mobile	-	10,060
Other receivables	5,747	-
	<u>477,841</u>	<u>482,900</u>
Less: Allowance for doubtful accounts	<u>(11,303)</u>	<u>(11,303)</u>
Accounts receivable	<u>\$ 466,538</u>	<u>\$ 471,597</u>

5. INVESTMENTS

Investments consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Money market funds	\$ 128,191	\$ 368,946
US treasury/agency securities	4,487,698	1,579,627
Corporate bonds	1,350,946	1,333,172
Mutual funds	541,631	1,034,930
Exchange traded funds	<u>5,669,216</u>	<u>6,482,114</u>
	<u>\$ 12,177,682</u>	<u>\$ 10,798,789</u>

6. CAPITAL CAMPAIGN AND OTHER PLEDGES RECEIVABLE, NET

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

	<u>2022</u>	<u>2021</u>
Collections due within 1 year	\$ 112,527	\$ 227,565
Less: Discount	<u>-</u>	<u>(500)</u>
	<u>\$ 112,527</u>	<u>\$ 227,065</u>

7. PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other assets are presented as follows at June 30:

	<u>2022</u>	<u>2021</u>
Current portion of prepaid expenses and other current assets	\$ 155,372	\$ 254,049
Long-term prepaid expense (ground lease)	<u>562,473</u>	<u>581,185</u>
	<u>\$ 717,845</u>	<u>\$ 835,234</u>

Included in prepaid expenses and other assets is a fifty-year ground lease agreement with Rensselaer Polytechnic Institute to lease the property on which WMHT's building lies. The entire lease of \$935,610 was paid in advance and is being expensed using the straight-line method over the life of the lease. Rent expense was \$18,712 for each of the years ended June 30, 2022 and 2021. The annual rent expense of \$18,712 is expected through 2054.

8. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Building	\$ 9,215,849	\$ 9,215,849
Transmitter and tower	3,228,604	3,207,906
Studio and technical equipment	5,599,664	5,608,541
Furniture, fixtures, and equipment	1,420,179	1,403,320
Vehicles	<u>31,559</u>	<u>31,559</u>
	19,495,855	19,467,175
Less: Accumulated depreciation	<u>(12,018,304)</u>	<u>(11,572,395)</u>
	<u>\$ 7,477,551</u>	<u>\$ 7,894,780</u>

Depreciation expense for the years ended June 30, 2022 and 2021 was approximately \$586,000 and \$614,000, respectively.

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, 2022 and 2021.

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.

9. CHARITABLE GIFT ANNUITY AGREEMENTS (Continued)

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 \$193,723 and \$202,542 as of June 30, 2022 and 2021, 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).

WMHT has an equity ownership interest in Centralcast totaling \$540,100 and \$489,770 as of June 30, 2022 and 2021, 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, 2022 and 2021.

Under a joint master control provider agreement, WMHT is committed to paying quarterly service fees approximating \$21,600.

11. LINE OF CREDIT

WMHT has a \$1,000,000 working capital line of credit through June 30, 2022. Amounts borrowed are collateralized by certain assets of WMHT and bear interest (1.79% and 2.95% as of June 30, 2022 and 2021, respectively). There were no amounts outstanding at June 30, 2022 and 2021.

There was no interest expense on borrowings during the years ended June 30, 2022 and 2021.

12. LONG-TERM DEBT

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

	<u>2022</u>	<u>2021</u>
Bond payable, due in various installments, including interest of approximately 0.98% at June 30, 2022 and 0.08% at June 30, 2021, maturing December 2023.	\$ 800,000	\$ 1,175,000
Less: Current installments	<u>(390,000)</u>	<u>(375,000)</u>
Less: Unamortized deferred financing costs	<u>410,000</u> <u>(20,642)</u>	<u>800,000</u> <u>(34,403)</u>
	<u>\$ 389,358</u>	<u>\$ 765,597</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, 2022 of \$800,000 and is secured by the assets financed by the tax-exempt bond issue.

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, 2022 and 2021.

Future minimum maturities of long-term debt are as follows for the years ending June 30:

2023	\$ 390,000
2024	<u>410,000</u>
	<u>\$ 800,000</u>

Interest expense related to long-term debt was \$2,617 and \$1,834 for the years ended June 30, 2022 and 2021, 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 \$162,057 and \$171,323 for the years ended June 30, 2022 and 2021, respectively.

14. COMMITMENTS AND CONTINGENCIES

Operating Leases

WMHT leases land, vehicles, and equipment under non-cancellable operating leases. The leases require monthly payments ranging from \$350 to \$2,577 that expire on various dates through July 2053. WMHT's future minimum lease payments are as follows for the years ending June 30:

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

Rent expense on these leases totaled \$112,042 and \$99,264 during the years ended June 30, 2022 and 2021, respectively.

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 2025. WMHT's future minimum maintenance payments under the terms of the maintenance contracts are as follows for the years ending June 30:

2023	\$	81,320
2024		16,443
2025		5,326
2026		<u>1,520</u>
	\$	<u>104,609</u>

Expenses incurred on these contracts totaled \$113,007 and \$108,352 during the years ended June 30, 2022 and 2021, respectively.

15. RISK AND UNCERTAINTIES

Significant Concentration

Approximately 28% and 22% of WMHT's total support and revenue was derived from two funding sources for the years ended June 30, 2022 and 2021, respectively. No other funding source accounted for more than 10% of WMHT's total support and revenue.

COVID-19

The United States is presently in the midst of a national health emergency related to a virus, commonly known as COVID-19. The overall consequences of COVID-19 on a national, regional, and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on WMHT and its future results and financial position is not presently determinable.

16. FAIR VALUE MEASUREMENTS

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments -				
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
Fixed income 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	<u>477,295</u>	<u>-</u>	<u>-</u>	<u>477,295</u>
 Total investments	 <u>10,826,736</u>	 <u>1,350,946</u>	 <u>-</u>	 <u>12,177,682</u>
Charitable Gift Annuities -				
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	<u>175,421</u>	<u>-</u>	<u>-</u>	<u>175,421</u>
 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>

16. FAIR VALUE MEASUREMENTS (Continued)

The following are measured at fair value on a recurring basis at June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments -				
Money market funds	\$ 368,946	\$ -	\$ -	\$ 368,946
US treasury/agency securities	1,579,627	-	-	1,579,627
Corporate bonds	-	1,333,172	-	1,333,172
Fixed income mutual funds	1,034,930	-	-	1,034,930
Exchange traded funds:				
U.S. large capitalization	4,689,962	-	-	4,689,962
U.S. mid capitalization	365,088	-	-	365,088
U.S. small capitalization	359,584	-	-	359,584
International Developed Market	408,578	-	-	408,578
International Developing Market	182,592	-	-	182,592
Fixed income funds	<u>476,310</u>	<u>-</u>	<u>-</u>	<u>476,310</u>
 Total investments	<u>9,465,617</u>	<u>1,333,172</u>	<u>-</u>	<u>10,798,789</u>
 Charitable Gift Annuities -				
Money market funds	14,681	-	-	14,681
Fixed income notes and treasuries	91,738	-	-	91,738
Mutual funds:				
Fixed income	15,460	-	-	15,460
U.S. large capitalization	13,369	-	-	13,369
Exchange traded funds:				
Fixed income funds	15,408	-	-	15,408
U.S. large capitalization	<u>199,048</u>	<u>-</u>	<u>-</u>	<u>199,048</u>
 Total charitable gift annuities	<u>349,704</u>	<u>-</u>	<u>-</u>	<u>349,704</u>
	<u>\$ 9,815,321</u>	<u>\$ 1,333,172</u>	<u>\$ -</u>	<u>\$ 11,148,493</u>

17. SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 23, 2022 which is the date the financial statements were issued.

WMHT EDUCATIONAL TELECOMMUNICATIONS, INC.

SCHEDULE OF DISCRETE INFORMATION FOR CORPORATION FOR PUBLIC BROADCASTING COMMUNITY SERVICES GRANTEES FOR THE YEAR ENDED JUNE 30, 2022

	<u>Television</u>	<u>Radio</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Contributions and memberships	\$ 4,429,805	\$ 1,100,707	\$ 5,530,512
New York State Department of Education grants	1,099,868	58,576	1,158,444
Corporation for Public Broadcasting grants	1,512,468	187,143	1,699,611
Program underwriting	419,170	230,134	649,304
Production revenue and underwriting	628,744	-	628,744
Interest and dividends	172,163	28,474	200,637
Other revenue	83,872	31,517	115,389
Other grants	31,930	-	31,930
Contributions from charitable gift annuity agreements	31,812	-	31,812
Capital campaign contributions	-	10,500	10,500
Capital grants	-	10,000	10,000
Video and book sales, net of discounts	546	-	546
	<u>8,410,378</u>	<u>1,657,051</u>	<u>10,067,429</u>
Total support and revenue			
EXPENSES:			
Programming and production	4,159,225	1,183,393	5,342,618
Broadcasting	432,534	122,887	555,421
Program information and production	219,598	38,753	258,351
Management and general	876,769	142,730	1,019,499
Fundraising and membership development	908,978	147,973	1,056,951
	<u>6,597,104</u>	<u>1,635,736</u>	<u>8,232,840</u>
Total expenses			
OTHER REVENUE, EXPENSES, GAINS, AND LOSSES:			
Net realized and unrealized loss on investments	(1,091,708)	(182,600)	(1,274,308)
Change in charitable gift annuity agreements	(6,659)	-	(6,659)
Equity gain on share of investee companies	41,511	-	41,511
Loss on sale of property and equipment	(1,009)	-	(1,009)
	<u>(1,057,865)</u>	<u>(182,600)</u>	<u>(1,240,465)</u>
Total other revenue, expenses, gains, and losses			

The accompanying notes are an integral part of this schedule.