

WMHT EDUCATIONAL TELECOMMUNICATIONS, INC.

**Financial Statements
as of June 30, 2021
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

November 18, 2021

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

Report on the Financial Statements

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, 2021, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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INDEPENDENT AUDITOR'S REPORT

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Opinion

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, 2021, and the changes in its net assets, cash flows, and functional expenses for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited WMHT Educational Telecommunications, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 19, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Schedule I is presented for the 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, 2021

(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 2,571,291	\$ 1,709,660
Restricted cash	25,505	25,502
Accounts receivables, net	471,597	371,125
Investments	10,798,789	8,237,012
Capital campaign and other pledges receivable	225,065	345,752
Prepaid expenses and other assets	<u>254,049</u>	<u>199,296</u>
Total current assets	<u>14,346,296</u>	<u>10,888,347</u>
PROPERTY AND EQUIPMENT, net	<u>7,894,780</u>	<u>8,349,317</u>
BROADCAST LICENSES, net	<u>947,066</u>	<u>985,722</u>
OTHER LONG-TERM ASSETS:		
Capital campaign and other pledges receivable, net	2,000	4,210
Long-term prepaid expenses	581,185	599,897
Assets held under charitable gift annuity agreements	349,704	282,624
Ownership interest in investee companies	692,312	657,670
Other long-term assets	<u>12,149</u>	<u>11,648</u>
Total other long-term assets	<u>1,637,350</u>	<u>1,556,049</u>
	<u>\$ 24,825,492</u>	<u>\$ 21,779,435</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Current installments of long-term debt	\$ 375,000	\$ 360,000
Current installments of charitable gift annuity agreements	4,921	10,867
Accounts payable	384,183	297,386
Accrued expenses and other liabilities	251,423	201,390
Deferred revenue	<u>716,479</u>	<u>38,588</u>
Total current liabilities	<u>1,732,006</u>	<u>908,231</u>
LONG-TERM LIABILITIES, less current installments:		
Long-term debt	765,597	1,126,837
Charitable gift annuity agreements	24,488	20,163
Paycheck Protection Program loan	<u>-</u>	<u>705,457</u>
Total long-term liabilities	<u>790,085</u>	<u>1,852,457</u>
Total liabilities	<u>2,522,091</u>	<u>2,760,688</u>
NET ASSETS:		
Without donor restrictions	22,239,396	18,947,657
With donor restrictions	<u>64,005</u>	<u>71,090</u>
Total net assets	<u>22,303,401</u>	<u>19,018,747</u>
	<u>\$ 24,825,492</u>	<u>\$ 21,779,435</u>

The accompanying notes are an integral part of these statements.

WMHT EDUCATIONAL TELECOMMUNICATIONS, INC.

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021 (With Comparative Totals for 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
SUPPORT AND REVENUE:				
Contributions and memberships	\$ 4,699,948	\$ 10,000	\$ 4,709,948	\$ 4,082,031
New York State Department of Education grants	1,156,379	-	1,156,379	1,177,026
Corporation for Public Broadcasting grants	1,301,986	-	1,301,986	1,564,476
Program underwriting	834,559	-	834,559	904,207
Paycheck Protection Program forgiveness	705,457	-	705,457	-
Production revenue and underwriting	326,425	21,500	347,925	365,146
Other revenue	374,305	-	374,305	184,572
Capital campaign contributions	10,900	-	10,900	10,400
Interest and dividends	158,330	-	158,330	154,994
Other grants	55,150	-	55,150	25,930
Video and book sales, net of discounts	2,976	-	2,976	7,206
Contributions from charitable gift annuity agreements	11,621	-	11,621	25,174
Capital grants	30,736	-	30,736	268,694
Net assets released from restriction	38,585	(38,585)	-	-
Total support and revenue	9,707,357	(7,085)	9,700,272	8,769,856
EXPENSES:				
Program services:				
Television activities	4,344,216	-	4,344,216	4,374,914
Radio activities	1,113,642	-	1,113,642	1,117,066
Educational activities	126,983	-	126,983	133,971
Public communications	280,507	-	280,507	291,007
Total program services	5,865,348	-	5,865,348	5,916,958
Management and general	945,097	-	945,097	1,100,877
Fund raising/development	1,306,990	-	1,306,990	1,389,610
Total expenses	8,117,435	-	8,117,435	8,407,445
CHANGE IN NET ASSETS				
BEFORE OTHER REVENUE, EXPENSES, GAINS, AND LOSSES	1,589,922	(7,085)	1,582,837	362,411
OTHER REVENUE, EXPENSES, GAINS, AND LOSSES:				
Net realized and unrealized gains on investments	1,672,096	-	1,672,096	265,142
Change in charitable gift annuity agreements	(4,921)	-	(4,921)	(10,867)
Equity gain (loss) on share of investee companies	34,642	-	34,642	(17,340)
Total other revenue, expenses, gains, and losses	1,701,817	-	1,701,817	236,935
CHANGE IN NET ASSETS	3,291,739	(7,085)	3,284,654	599,346
NET ASSETS - beginning of year	18,947,657	71,090	19,018,747	18,419,401
NET ASSETS - end of year	\$ 22,239,396	\$ 64,005	\$ 22,303,401	\$ 19,018,747

The accompanying notes are an integral part of these statements.

WMHT EDUCATIONAL TELECOMMUNICATIONS, INC.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2021 (With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 3,284,654	\$ 599,346
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	614,289	622,262
Interest expense related to deferred financing costs	13,761	13,761
Equity loss on share of investee companies	(34,642)	17,340
Net realized and unrealized (gain) on investments	(1,672,096)	(265,142)
Change in value of charitable gift annuity agreements	4,921	10,867
Forgiveness of Paycheck Protection Program loan	(705,457)	-
Changes in:		
Accounts receivable	(100,472)	108,116
Capital campaign and other pledges receivable	122,897	7,838
Prepaid expenses and other assets	(54,753)	(45,399)
Other long-term assets	18,211	17,279
Accounts payable	86,797	46,241
Accrued expenses and other liabilities	50,033	(193,346)
Deferred revenue	677,891	(758,654)
Charitable gift annuity agreement obligations	<u>(6,542)</u>	<u>(26,041)</u>
Net cash flow from operating activities	<u>2,299,492</u>	<u>154,468</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	4,419,021	5,419,708
Purchases of investments	(5,375,783)	(5,378,562)
Payments for the purchase of property and equipment	<u>(121,096)</u>	<u>(311,835)</u>
Net cash flow from investing activities	<u>(1,077,858)</u>	<u>(270,689)</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Principal payments on long-term debt	(360,000)	(345,000)
Issuance of Paycheck Protection Program loan	<u>-</u>	<u>705,457</u>
Net cash flow from financing activities	<u>(360,000)</u>	<u>360,457</u>
CHANGE IN CASH	861,634	244,236
CASH - beginning of year	<u>1,735,162</u>	<u>1,490,926</u>
CASH - end of year	<u>\$ 2,596,796</u>	<u>\$ 1,735,162</u>
SUPPLEMENTARY CASH FLOW INFORMATION		
Cash paid during the year for interest expense	<u>\$ 1,834</u>	<u>\$ 21,295</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, 2021

(With Comparative Totals for 2020)

	Program Services				Management and General	Fund Raising/ Development	2021 Total	2020 Total
	Television	Radio	Educational	Public Communications				
Salaries	\$ 1,354,543	\$ 478,278	\$ 67,017	\$ 194,021	\$ 364,670	\$ 409,003	\$ 2,867,533	\$ 3,063,778
Broadcast rights	879,642	83,624	-	-	-	-	963,266	987,332
Outside services	433,604	22,050	1,260	-	31,258	427,520	915,692	713,272
Benefits and payroll taxes	337,394	114,202	8,137	54,993	75,488	97,280	687,495	758,154
Depreciation	373,824	119,527	13,474	13,474	45,130	48,860	614,289	622,262
Computer service	30,482	34,630	2,050	15,637	123,097	153,589	359,484	349,127
Network fees	246,411	63,764	-	-	-	-	310,175	305,356
Bank and other fees	84,419	30,820	-	-	49,914	25,387	190,540	182,609
Maintenance	146,556	13,048	22,173	-	626	-	182,403	155,502
Cost of goods sold	114,000	39,907	-	-	-	-	153,907	119,940
Utilities	145,784	2,234	-	-	-	-	148,019	169,734
Insurance	-	-	-	-	107,672	-	107,672	102,581
Postage and shipping	63,729	22,792	109	-	1,173	17,788	105,590	244,131
Printing	-	-	-	-	3,090	93,544	96,634	86,682
Rent	36,332	58,978	-	-	-	-	95,310	98,622
Consulting and professional	11,925	-	-	-	69,158	-	81,083	78,783
Telephone	38,260	25,070	-	-	1,901	14,573	79,804	75,866
Membership	18,107	-	11,380	-	47,970	-	77,457	78,055
Travel and entertainment	4,145	223	89	-	9,090	2,815	16,362	118,034
Other material and supplies	10,047	2,374	128	-	1,831	155	14,535	22,457
Dues and subscriptions	259	2,120	-	-	7,655	4,287	14,321	17,519
Advertising	309	-	1,164	-	1,789	4,876	8,138	9,399
Studio materials and supplies	5,557	-	-	2,383	-	-	7,940	8,258
Equipment rental	6,123	-	-	-	1,752	-	7,875	12,124
Bad Debts	1	-	-	-	-	7,314	7,315	-
Security	2,503	-	-	-	-	-	2,503	3,877
Interest	-	-	-	-	1,834	-	1,834	21,295
Videotape	260	-	-	-	-	-	260	2,696
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>	<u>\$ 8,117,435</u>	<u>\$ 8,407,445</u>
2020 Totals	<u>\$ 4,374,914</u>	<u>\$ 1,117,066</u>	<u>\$ 133,971</u>	<u>\$ 291,007</u>	<u>\$ 1,100,877</u>	<u>\$ 1,389,610</u>		

The accompanying notes are an integral part of these statements.

WMHT EDUCATIONAL TELECOMMUNICATIONS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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 conformity 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, 2021 and 2020.

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. The net realized and unrealized gains on investments are reported directly in the accompanying statement of activities.

Marketable securities 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 amounts 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 (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) 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, 2021 and 2020.

Capital Campaign and Other Pledges Receivable

WMHT records capital campaign pledges as revenue in the period received using the present value of estimated future cash flows discounted at an appropriate rate. A discount rate of 5% was used to present the value of pledges during the years ended June 30, 2021 and 2020. In addition, WMHT determined that no allowance for potential uncollectible pledges was necessary at both June 30, 2021 and 2020.

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 three to forty-five 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 in 2021 or 2020.

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 licenses pertain to costs incurred in obtaining the initial radio broadcasting license and are amortized over forty years. The broadcast license is stated at cost of \$1,546,231, net of accumulated amortization of \$599,165 and \$560,509 at June 30, 2021 and 2020, respectively. Amortization expense was approximately \$39,000 for the years ended June 30, 2021 and 2020. 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, 2021 and 2020.

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, 2021 and 2020. Amortization over the next two years is expected to be approximately \$14,000 annually, with the third year expected to be approximately \$7,000.

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 has approximately \$64,000 and \$71,000 of net assets with donor restrictions at June 30, 2021 and 2020, respectively. At June 30, 2021, net assets with donor restriction resources were designated for RISE, production projects, and a piano fund. Restrictions associated with these contributions are satisfied once donor stipulations are met.

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, 2021 and 2020 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.

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.

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, production underwriting revenue, and the related expenses of production are recognized when production is completed and available for initial broadcast.

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.

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. Management, fundraising and general expenses include executive, financial administration, information systems, and personnel expenses and are allocated on our membership numbers.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement (Continued)

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

- Level 1 - Valuations 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 and assets held under charitable gift annuity agreements are valued utilizing Level 1 inputs.

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

WMHT currently has no assets or liabilities measured using 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 17 for the fair value hierarchy.

Financial Instruments Measured at Fair Value

WMHT has financial instruments in the accompanying statements of financial position. WMHT makes estimates regarding the valuation of assets and liabilities measured at fair value in the financial statements. These assets and liabilities include cash, investments, assets held under charitable gift annuities, and long-term debt.

The following methods and assumptions were used in estimating the fair value of financial instruments:

Cash: The carrying amount reported in the statements of financial position for cash approximates fair value due to the short-term nature of these instruments. Cash is valued using Level 1 inputs.

Investments and charitable gift annuity assets: The carrying amount reported in the statements of financial position for investments is stated at fair value. Fair values are based on quoted market inputs or estimated fair value. Investments are valued using Level 1 inputs. Refer to Note 17 for additional disclosures.

Debt: The fair value of long-term debt obligations is estimated using discounted cash flow analyses, based on the participating institution's incremental borrowing rates for similar types of borrowing arrangements. The fair value of long-term debt approximates the carrying value using Level 2 inputs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

WMHT is exempt from federal and state income tax 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

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

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash	\$ 2,596,796	\$ 1,735,162
Accounts receivable, net	471,597	371,125
Investments	10,798,789	8,237,012
Capital campaign and other pledges receivable	<u>225,065</u>	<u>345,752</u>
	14,092,247	10,689,051
Less: Assets unavailable for general expenditure within one year, due to:		
Restricted cash	(25,505)	(25,502)
Net assets with donor restrictions	<u>(64,005)</u>	<u>(71,090)</u>
Financial assets available to meet cash need for general expenditure within one year	<u>\$ 14,002,737</u>	<u>\$ 10,592,459</u>

WMHT is substantially supported by member contributions, as well as operating and capital grants. In addition, some support is received from production and underwriting. WMHT has arrangements with these funding sources to collect at varying times throughout the year and on a timely basis.

At June 30, 2021, management believes there are significant liquid assets available for use to continue the mission of WMHT for a sustained period of time. In the event of an unanticipated cash need, WMHT has an available line of credit (Note 11) and the ability to sell investments. In addition, WMHT can also manage vendor relationships to extend payment terms where possible.

4. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Program underwriting	\$ 429,618	\$ 319,932
Production	27,777	-
Interest receivable	15,445	17,931
Grants receivable - FCC & PBS/T-Mobile	10,060	41,134
Other receivables	<u>-</u>	<u>3,431</u>
	482,900	382,428
Less: Implicit price concessions	<u>(11,303)</u>	<u>(11,303)</u>
Accounts receivable	<u>\$ 471,597</u>	<u>\$ 371,125</u>

5. INVESTMENTS

Investments, at fair value, consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Money market funds	\$ 368,946	\$ 563,065
Fixed income notes and treasuries	2,912,799	2,900,309
Mutual funds	1,034,930	307,251
Exchange traded funds	<u>6,482,114</u>	<u>4,466,387</u>
Investments	<u>\$ 10,798,789</u>	<u>\$ 8,237,012</u>

6. CAPITAL CAMPAIGN AND OTHER PLEDGES RECEIVABLE, NET

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

	<u>2021</u>	<u>2020</u>
Collections due within 1 year	\$ 227,565	\$ 345,752
Collections due within 2-4 years	<u>-</u>	<u>5,210</u>
	227,565	350,962
Less: Discount to present value	<u>(500)</u>	<u>(1,000)</u>
Capital campaign and pledges receivable, net	<u>\$ 227,065</u>	<u>\$ 349,962</u>

7. PREPAID EXPENSES AND OTHER ASSETS

The balance of prepaid expenses and other assets is presented as follows at June 30:

	<u>2021</u>	<u>2020</u>
Current portion of prepaid expenses and other current assets	\$ 254,049	\$ 199,296
Long-term prepaid expense (ground lease)	<u>581,185</u>	<u>599,897</u>
	<u>\$ 835,234</u>	<u>\$ 799,193</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, 2021 and 2020. The annual rent expense of \$18,712 is expected through 2054. The current portion of other prepaid expenses is expected to amortize within 2022.

8. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Building	\$ 9,215,849	\$ 9,215,849
Transmitter and tower	3,207,906	3,194,750
Studio and technical equipment	5,608,541	5,574,909
Furniture, fixtures and equipment	1,403,320	1,376,818
Vehicles	<u>31,559</u>	<u>31,559</u>
	19,467,175	19,393,885
Less: Accumulated depreciation	<u>(11,572,395)</u>	<u>(11,044,568)</u>
Property and equipment, net	<u>\$ 7,894,780</u>	<u>\$ 8,349,317</u>

Depreciation expense for the years ended June 30, 2021 and 2020 was approximately \$614,000 and \$622,000, 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, 2021 and 2020.

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

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 is \$202,542 and \$211,744 as of June 30, 2021 and 2020, 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), 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's ownership interest in Centralcast is \$489,770 and \$445,926 as of June 30, 2021 and 2020, 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 \$111,295 (\$25,000 infrastructure fees and \$86,295 for service fees) during the years ended June 30, 2021 and 2020, respectively. Refer to Note 15 for additional investment information.

11. LINE OF CREDIT

WMHT has a \$1,000,000 working capital line of credit, of which \$0 was outstanding at June 30, 2021 and 2020. The line of credit is collateralized by certain assets of WMHT and was renewed in April 2021. Interest is currently charged at the greater of the 30-day LIBOR rate plus 2.85% (2.95% and 5.44% as of June 30, 2021 and 2020, respectively).

Interest expense on the line of credit was approximately \$0 for both years ended June 30, 2021 and 2020.

12. LONG-TERM DEBT

A summary of WMHT's long-term debt is as follows:

	<u>2021</u>	<u>2020</u>
Bond payable, due in various installments, including interest of approximately 0.08% at June 30, 2021 and 0.18% at June 30, 2020, maturing December 2023.	\$ 1,175,000	\$ 1,535,000
Less: Current installments	<u>375,000</u>	<u>360,000</u>
	800,000	1,175,000
Less: Unamortized deferred financing costs	<u>34,403</u>	<u>48,163</u>
	<u>\$ 765,597</u>	<u>\$ 1,126,837</u>

12. LONG-TERM DEBT (Continued)

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 expired June 22, 2022. The letter of credit (issued by a Bank) has an open balance at June 30, 2021 of \$1,175,000 and is secured by the assets financed by the tax-exempt bond issue.

The bond payable, as disclosed above, contains a financial covenant measured annually at June 30. It was determined that WMHT was in compliance with the covenant for the years ended June 30, 2021 and 2020.

A summary of WMHT's future minimum maturities of long-term debt for the years ending June 30 is as follows:

2022	\$	375,000
2023		390,000
2024		410,000
		<u>1,175,000</u>

Interest expense related to long-term debt was \$1,834 and \$21,295 for the years ended June 30, 2021 and 2020, respectively.

13. PAYCHECK PROTECTION PROGRAM ARRANGEMENT

In April 2020, WMHT entered into an arrangement with a bank under the auspices of the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief & Economic Security Act (CARES Act) under which WMHT received \$705,457. This arrangement is evidenced by a loan agreement that includes provisions whereby the loan balance can be fully or partially forgiven based on WMHT's use of the funds, maintenance of its personnel complement, and compliance with certain reporting elements to the Bank in accordance with the requirements of the PPP Program.

WMHT has elected to account for its PPP arrangement as a conditional contribution, meaning that revenue is recorded as the conditions meeting the requirements for forgiveness are met. Ultimately, forgiveness will be adjudicated by the Bank and approved by the U.S. Small Business Administration. As the arrangement was forgiven in full on February 10, 2021, the Organization recognized the amount as support and revenue in the statement of activities for the year ending June 30, 2021.

14. 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 \$171,323 and \$175,318 for the years ended June 30, 2021 and 2020, respectively.

15. COMMITMENTS AND CONTINGENCIES

Operating Leases

WMHT leases land, vehicles, and equipment under non-cancellable operating leases. The leases require monthly payments ranging from \$268 to \$2,502. These leases expire on various dates through July 2053. Rent expense on these leases totaled \$99,264 and \$107,228 during the years ended June 30, 2021 and 2020, respectively. A summary of future minimum lease payments are as follows for the years ending June 30:

2022	\$	97,148
2023		96,121
2024		90,864
2025		88,928
2026		90,412
Thereafter		<u>487,624</u>
	\$	<u>951,098</u>

Maintenance Contracts

WMHT has certain equipment under maintenance contracts. These contracts require monthly payments ranging from \$33 to \$1,848 and expire on various dates through November 2025. Expenses incurred on these contracts totaled \$108,352 and \$101,974 during the years ended June 30, 2021 and 2020, respectively.

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

2022	\$	103,006
2023		41,692
2024		7,051
2025		4,559
2026		<u>1,520</u>
	\$	<u>157,828</u>

Investment in Centralcast, LLC

Under a joint master control provider agreement, the members of Centralcast, including WMHT, are required to pay quarterly infrastructure and service fees approximating \$21,600. The quarterly fees may be adjusted annually and will be paid through the end of the agreement, which expired September 1, 2019. The agreement automatically renews for one additional two-year term without proper notice.

16. RISK AND UNCERTAINTIES

Significant Concentration

Approximately 22% and 31% of WMHT's total support and revenue was derived from two funding sources for the years ended June 30, 2021 and 2020, 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 Novel Coronavirus (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.

17. FAIR VALUE MEASUREMENTS

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

<u>Description</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>	<u>Total</u>
<i>Investments:</i>				
Money market funds	\$ 368,946	\$ -	\$ -	\$ 368,946
Fixed income notes and treasuries	2,912,799	-	-	2,912,799
<i>Mutual funds:</i>				
Fixed income funds	1,034,930	-	-	1,034,930
<i>Exchange traded funds:</i>				
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>10,798,789</u>	<u>-</u>	<u>-</u>	<u>10,798,789</u>
<i>Charitable Gift Annuities:</i>				
Money market funds	14,681	-	-	14,681
Fixed income notes and treasuries	91,738	-	-	91,738
<i>Mutual funds:</i>				
Fixed income funds	15,460	-	-	15,460
U.S. large capitalization	13,369	-	-	13,369
<i>Exchange traded funds:</i>				
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>
Total	<u>\$ 11,148,493</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,148,493</u>

17. FAIR VALUE MEASUREMENTS (Continued)

The following are measured at fair value on a recurring basis at June 30, 2020:

<u>Description</u>	<u>Level 1</u> <u>Inputs</u>	<u>Level 2</u> <u>Inputs</u>	<u>Level 3</u> <u>Inputs</u>	<u>Total</u>
<i>Investments:</i>				
Money market funds	\$ 563,065	\$ -	\$ -	\$ 563,065
Fixed income notes and treasuries	2,900,309	-	-	2,900,309
<i>Mutual funds:</i>				
Fixed income funds	307,251	-	-	307,251
<i>Exchange traded funds:</i>				
International developed markets	3,969,321	-	-	3,969,321
U.S. large capitalization	244,099	-	-	244,099
U.S. mid capitalization	96,988	-	-	96,988
U.S. small capitalization	155,979	-	-	155,979
Total investments	<u>8,237,012</u>	<u>-</u>	<u>-</u>	<u>8,237,012</u>
<i>Charitable Gift Annuities:</i>				
Money market funds	9,820	-	-	9,820
Fixed income notes and treasuries	88,820	-	-	88,820
<i>Mutual funds:</i>				
Fixed income funds	15,901	-	-	15,901
U.S. large capitalization	9,392	-	-	9,392
<i>Exchange traded funds:</i>				
Fixed income funds	15,304	-	-	15,304
U.S. large capitalization	143,387	-	-	143,387
Total charitable gift annuities	<u>282,624</u>	<u>-</u>	<u>-</u>	<u>282,624</u>
Total	<u>\$ 8,519,636</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,519,636</u>

18. SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 18, 2021, 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 GRANTEES
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Television</u>	<u>Radio</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Contributions and memberships	\$ 3,435,783	\$ 1,274,165	\$ 4,709,948
New York State Department of Education grants	1,097,908	58,471	1,156,379
Corporation for Public Broadcasting grants	1,194,533	107,453	1,301,986
Program underwriting	688,666	145,894	834,560
Production revenue and underwriting	347,925	-	347,925
Other revenue	294,200	80,104	374,305
Capital campaign contributions	-	10,900	10,900
Interest and dividends	143,090	15,240	158,330
Other grants	46,050	9,100	55,150
Video and book sales, net of discounts	2,976	-	2,976
Contributions from charitable gift annuity agreements	11,621	-	11,621
Capital grants	10,648	20,088	30,736
Paycheck Protection Program forgiveness	579,506	125,951	705,457
	<u>7,852,906</u>	<u>1,847,365</u>	<u>9,700,272</u>
EXPENSES:			
Programming and production	3,914,878	1,113,642	5,028,520
Broadcasting	433,235	123,086	556,321
Program information and production	238,431	42,076	280,507
Management and general	812,783	132,314	945,097
Fundraising and membership development	1,071,732	235,258	1,306,990
	<u>6,471,060</u>	<u>1,646,376</u>	<u>8,117,435</u>
OTHER REVENUE, EXPENSES, GAINS, AND LOSSES:			
Net realized and unrealized gains on investments	1,510,554	161,542	1,672,096
Change in charitable gift annuity agreements	(4,921)	-	(4,921)
Equity gain on share of investee companies	34,642	-	34,642
	<u>1,540,275</u>	<u>161,542</u>	<u>1,701,817</u>
Total other revenue, expenses, gains, and losses	<u>\$ 1,540,275</u>	<u>\$ 161,542</u>	<u>\$ 1,701,817</u>

The accompanying notes are an integral part of this schedule.