

**THE WNED FOUNDATION, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2021**

## INDEPENDENT AUDITORS' REPORT

The Board of Trustees  
The WNED Foundation, Inc.

We have audited the accompanying balance sheets of The WNED Foundation, Inc. (the Foundation) as of June 30, 2021 and 2020, and the related statements of activities and cash flows for the years 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' 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 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.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2021 and 2020, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



October 6, 2021

THE WNED FOUNDATION, INC.

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**Balance Sheets**

June 30,	2021	2020
<b>Assets</b>		
Cash	\$ 158,196	\$ 89,905
Contributions receivable	122,260	16,396
Loan receivable (Note 2)	-	1,779,000
Interest receivable (Note 2)	544,464	512,465
Investments (Note 3)	27,793,592	23,187,681
Property and equipment, net (Note 4)	465,484	484,589
	<u>\$ 29,083,996</u>	<u>\$ 26,070,036</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 59,447	\$ 26,863
Loan payable (Note 6)	-	1,779,000
	<u>59,447</u>	<u>1,805,863</u>
<b>Net assets:</b>		
Without donor restrictions	28,332,139	23,956,341
With donor restrictions (Note 7)	692,410	307,832
	<u>29,024,549</u>	<u>24,264,173</u>
	<u>\$ 29,083,996</u>	<u>\$ 26,070,036</u>

See accompanying notes.

THE WNED FOUNDATION, INC.

**Statements of Activities**

For the years ended June 30,

2021

	Net Assets		
	Without Donor Restrictions	With Donor Restrictions	Totals
Revenues:			
Investment activity:			
Interest and dividends, net	\$ 378,462	\$ 5,701	\$ 384,163
Realized gains	1,299,821	21,318	1,321,139
Unrealized gains (losses)	4,000,119	65,605	4,065,724
Total investment activity	<u>5,678,402</u>	<u>92,624</u>	<u>5,771,026</u>
Contributions	15,730	308,204	323,934
Net assets released from restriction	16,250	(16,250)	-
Total revenues	<u>5,710,382</u>	<u>384,578</u>	<u>6,094,960</u>
Expenses:			
Contributions to the Association (Note 5)	1,267,737	-	1,267,737
Management and general:			
In-kind administrative support	5,848	-	5,848
Professional fees	5,675	-	5,675
Interest expense	35,409	-	35,409
Depreciation	19,105	-	19,105
Other	810	-	810
Total expenses	<u>1,334,584</u>	<u>-</u>	<u>1,334,584</u>
<b>Change in net assets</b>	<b>4,375,798</b>	<b>384,578</b>	<b>4,760,376</b>
Net assets - beginning	<u>23,956,341</u>	<u>307,832</u>	<u>24,264,173</u>
Net assets - ending	<u>\$ 28,332,139</u>	<u>\$ 692,410</u>	<u>\$ 29,024,549</u>

See accompanying notes.

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2020

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Net Assets		
Without Donor Restrictions	With Donor Restrictions	Totals
\$ 556,780	\$ 9,966	\$ 566,746
702,295	14,206	716,501
(443,364)	(8,969)	(452,333)
815,711	15,203	830,914
272,146	5,000	277,146
14,500	(14,500)	-
1,102,357	5,703	1,108,060
1,084,500	-	1,084,500
7,219	-	7,219
4,075	-	4,075
65,040	-	65,040
19,105	-	19,105
4,697	-	4,697
1,184,636	-	1,184,636
(82,279)	5,703	(76,576)
24,038,620	302,129	24,340,749
\$ 23,956,341	\$ 307,832	\$ 24,264,173

**Statements of Cash Flows**

For the years ended June 30,	2021	2020
<b>Operating activities:</b>		
Change in net assets	\$ 4,760,376	\$ (76,576)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	19,105	19,105
Net realized and unrealized gains on investments	(5,386,863)	(264,168)
Contributions for long-term purposes	(308,204)	(5,000)
Net change in other operating assets and liabilities:		
Contributions receivable	(4,964)	28,958
Loan receivable	1,779,000	20,000
Interest receivable	(31,999)	(65,040)
Accounts payable	32,584	25,878
<b>Net operating activities</b>	<b>859,035</b>	<b>(316,843)</b>
<b>Investing activities:</b>		
Proceeds from sales of investments	5,445,695	5,123,978
Purchases of investments	(4,664,743)	(5,052,875)
<b>Net investing activities</b>	<b>780,952</b>	<b>71,103</b>
<b>Financing activities:</b>		
Net payments on loans payable	(1,779,000)	(20,000)
Proceeds from contributions for long-term purposes	207,304	5,000
<b>Net financing activities</b>	<b>(1,571,696)</b>	<b>(15,000)</b>
Net change in cash	68,291	(260,740)
Cash - beginning	89,905	350,645
Cash - ending	\$ 158,196	\$ 89,905

## Notes to Financial Statements

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### 1. Summary of Significant Accounting Policies:

#### Organization:

The WNED Foundation, Inc. (the Foundation) is a nonprofit corporation whose primary purpose is to solicit, collect and invest funds on behalf of Western New York Public Broadcasting Association (the Association), the Foundation's sole member.

The Association is a nonprofit corporation chartered by the New York State Board of Regents to serve the educational, cultural, and informational needs of residents in Western New York and Southern Ontario through the operation of public television and radio stations, the provision of public television and radio programming and outreach activities.

#### Subsequent Events:

The Foundation has evaluated events and transactions for potential recognition or disclosure through October 6, 2021, the date the financial statements were available to be issued.

#### Basis of Presentation:

The Foundation's financial position and activities are reported according to two classes of net asset categories: net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are those whose use has been limited by donors for a specified time period, purpose, or to be maintained by the Foundation in perpetuity.

The New York State Prudent Management of Institutional Funds Act (NYPMIFA) requires the preservation of the fair value of the original donor-restricted endowment gift as of the gift date, absent explicit donor stipulations to the contrary. The Foundation has adopted investment and spending policies for endowment assets that attempt to provide returns sufficient to address the purposes of the assets over the long-term.

Investment earnings of donor-restricted endowment funds are classified as net assets with donor restrictions until those amounts are appropriated by the Foundation in a manner consistent with the standard of prudence prescribed by NYPMIFA. Amounts appropriated by the Foundation totaled \$16,250 and \$14,500 for the years ended June 30, 2021 and 2020.

#### Cash:

Cash in financial institutions may exceed insured limits at various times during the year and subject the Foundation to concentrations of credit risk.

#### Investments:

Investments are stated at estimated fair value. The fair value of marketable securities is determined by quoted prices in active markets. The Foundation uses net asset value (NAV) per share (or its equivalent) as a practical expedient to determine the fair value of investments that (i) do not have a readily determinable fair value predicated upon quoted prices in active markets, and (ii) have the attributes of an investment company or prepare their financial statements consistent with the measurement principles of an investment company (Note 3).

#### Property and Equipment:

Property and equipment is stated at cost or fair market value at the date of donation, net of accumulated depreciation. Depreciation is computed by the straight-line method over estimated service lives.

#### Contributions:

Contributions, including unconditional promises to give, are reported at fair value at the date received. Gifts are reported as restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions whose stipulated purpose restriction is accomplished in the same year as received are reported as an increase in net assets without donor restrictions in the accompanying financial statements.

#### Tax Status:

The Foundation is a 501(c)(3) corporation exempt from income taxes under Section 501(a) of the Internal Revenue Code.

### Use of Estimates:

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America 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.

### Functional Expense Allocation:

The Foundation's costs of providing its services have been summarized on a functional basis in the statements of activities. Accordingly, costs have been allocated among the programs and supporting services directly benefited.

### 2. Loan Receivable:

Loan receivable represents an advance to the Association including interest at the 1 month LIBOR rate plus 2%. The Association repaid the loan principal balance in 2021 (Note 6). Amounts due from the Association at June 30, 2020 totaled \$1,779,000. Total interest income for the years ended June 30, 2021 and 2020 was \$35,409 and \$65,040. Accrued interest receivable at June 30, 2021 and 2020 was \$544,464 and \$512,465.

### 3. Investments:

	Quoted Prices in Active Markets	NAV	Total
<b>2021</b>			
Cash and cash equivalents	\$ 440	\$ -	\$ 440
Fixed income	9,593,142	-	9,593,142
Domestic equities	8,707,343	-	8,707,343
International equities	7,685,064	-	7,685,064
Private equity	-	1,807,603	1,807,603
	<u>\$ 25,985,989</u>	<u>\$ 1,807,603</u>	<u>\$ 27,793,592</u>

	Quoted Prices in Active Markets	NAV	Total
<b>2020</b>			
Cash and cash equivalents	\$ 440	\$ -	\$ 440
Fixed income	9,169,061	-	9,169,061
Domestic equities	7,172,062	-	7,172,062
International equities	6,483,846	-	6,483,846
Private equity	-	362,272	362,272
	<u>\$ 22,825,409</u>	<u>\$ 362,272</u>	<u>\$ 23,187,681</u>

The Foundation has committed capital of \$2,800,000 to private equity funds. As of June 30, 2021, the remaining obligation under the commitment totaled approximately \$1,208,000. Private equity fund investments are generally either illiquid or require certain advance notice timeframe for withdrawal.

### 4. Property and Equipment:

	2021	2020
Real estate and improvements	\$ 743,550	\$ 743,550
Technical equipment	23,091	23,091
Furniture and fixtures	82,708	82,708
	<u>849,349</u>	<u>849,349</u>
Less accumulated depreciation	<u>383,865</u>	<u>364,760</u>
	<u>\$ 465,484</u>	<u>\$ 484,589</u>

### 5. Operating and Administrative Support:

The Association currently provides various operating and administrative support to the Foundation at no cost. In-kind revenue and expense recognized by the Foundation totaled \$5,848 and \$7,219 for the years ended June 30, 2021 and 2020.

Contributions by the Foundation to the Association are recorded as expenses when they are approved by the Board of Trustees for payment.

Contributions to the Association totaling \$1,267,737 and \$1,084,500 in 2021 and 2020 were approved to support operating activities and capital improvements in accordance with the Foundation's investment spending plan.

### 6. Loan Payable:

To facilitate financing a renovation of the Association's building, the Foundation obtained bank demand financing. In June 2021, the Foundation repaid the loan in full (Note 2). Borrowings outstanding at June 30, 2020 totaled \$1,779,000.

### 7. Net Assets With Donor Restrictions:

Net assets with donor restrictions represent the Foundation's endowment assets. The composition of net assets with donor restrictions is as follows at June 30:

	2021	2020
Accumulated principal of perpetual endowments	\$ 526,593	\$ 218,389
Unappropriated earnings on perpetual endowments	165,817	89,443
	<u>\$ 692,410</u>	<u>\$ 307,832</u>

**8. Financial Assets Available for Operating Purposes:**

The Foundation obtains financial assets primarily through contributions and investment income. The financial assets are acquired throughout the year to meet the Foundation’s cash needs to provide support to the Association and for general expenditures in accordance with the Foundation’s investment and spending policies.

The Foundation’s financial assets available within one year of the balance sheet date to meet its cash needs consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Cash	\$ 158,196	\$ 89,905
Contributions receivable	21,360	16,396
Investments without donor restrictions	27,101,182	22,879,849
	<u>\$ 27,280,738</u>	<u>\$ 22,986,150</u>

**9. Risks and Uncertainties:**

On January 31, 2020, the United States Secretary of Health and Human Services (HHS) declared a public health emergency related to the global spread of coronavirus COVID-19, and a pandemic was declared by the World Health Organization in February 2020. Efforts to fight the widespread disease included limiting or closing many businesses and resulted in a severe disruption of operations for organizations. Financial markets also experienced significant fluctuations in value.

The full extent of the impact of COVID-19 on the Foundation’s operational and financial performance will depend on further developments, including the duration and spread of the outbreak and impact on markets all of which cannot be predicted.