The Greater Washington Educational Telecommunications Association, Inc.

Consolidated Financial Statements and Supplementary Information

Years Ended June 30, 2017 and 2016

The report accompanying these financial statements was issued by BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of BDO International Limited, a UK company limited by guarantee.

The Greater Washington Educational Telecommunications Association, Inc.

Consolidated Financial Statements and
Supplementary Information
Years Ended June 30, 2017 and 2016

The Greater Washington Educational Telecommunications Association, Inc.

Contents

Tel: 703-893-0600
Fax: 703-893-2766
www.bdo.com

8401 Greensboro Drive
Suite 800
McLean, VA 22102

Independent Auditor's Report

Board of Trustees
The Greater Washington Educational Telecommunications Association, Inc.
Arlington, Virginia

We have audited the accompanying consolidated financial statements of **The Greater Washington Educational Telecommunications Association, Inc. and Subsidiaries (WETA),** which comprise the consolidated statements of financial position as of June 30, 2017 and 2016, and the related consolidated statements of activities, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 WETA'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of **The Greater Washington Educational Telecommunications Association, Inc. and subsidiaries** as of June 30, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying supplemental schedules of revenues and gains, supplemental statement of activities by grantees and supplemental schedules of functional expenses on pages 28-31 are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

BDO USA, LLP

McLean, Virginia
November 30, 2017

Consolidated Financial Statements

The Greater Washington Educational Telecommunications Association, Inc.

Consolidated Statements of Financial Position

June 30,		**2017**		2016
Assets				
Cash and cash equivalents	**$**	**16,558,575**	$	15,462,947
Restricted cash		**-**		12
Accounts and contributions receivable, net (Note 3)		**20,938,003**		30,204,243
Investments (Note 4)		**47,635,985**		44,108,297
Prepaid expenses and other assets		**1,395,661**		1,938,464
Film assets		**50,340,574**		44,692,632
Property and equipment, net (Note 5)		**13,606,868**		14,796,389
Total assets	**$**	**150,475,666**	$	151,202,984
Liabilities and Net Assets				
Accounts payable and accrued expenses	**$**	**7,830,547**	$	8,883,311
Deferred revenue		**397,498**		628,026
Long-term debt (Note 6)		**4,662,158**		5,451,913
Total liabilities		**12,890,203**		14,963,250
Commitments and Contingencies				
Net Assets				
Unrestricted net assets		**30,174,808**		28,397,124
Temporarily restricted net assets (Note 12)		**97,656,483**		98,098,489
Permanently restricted net assets (Note 13)		**9,754,172**		9,744,121
Total net assets		**137,585,463**		136,239,734
Total liabilities and net assets	**$**	**150,475,666**	$	151,202,984

See accompanying notes to consolidated financial statements.

The Greater Washington Educational Telecommunications Association, Inc.

Consolidated Statements of Activities

Years ended June 30,	**2017**	2016
Changes in unrestricted net assets		
Revenues and other support, including amounts released from restrictions (Note 12)		
Production funding from public broadcasting system	**$ 27,298,838**	$ 24,771,013
Corporate underwriting and funding	**16,080,861**	16,097,311
Membership and individuals	**22,978,485**	21,223,386
Foundations and not-for-profit organizations	**19,144,374**	20,731,932
Federal, state and local government grants	**2,212,121**	1,761,585
Community service grants from the Corporation for Public Broadcasting	**5,587,963**	5,255,694
Rental income and other	**2,547,185**	2,566,815
Total unrestricted revenues and other support	**95,849,827**	92,407,736
Operating expenses		
National programming and productions	**58,151,255**	58,076,597
Television broadcast operations	**11,032,095**	9,706,003
Radio broadcast operations	**2,709,771**	2,676,071
Promotion, education, and outreach	**5,598,714**	5,115,134
Fundraising and membership development	**8,146,735**	7,547,682
Underwriting and grant solicitation	**4,606,653**	5,260,178
Management and general	**3,274,185**	3,332,018
Total operating expenses	**93,519,408**	91,713,683
Net operating activities	**2,330,419**	694,053
Nonoperating activities		
Net investment return	**2,156,177**	224,556
Loss on disposal of property and equipment	**(5,201)**	(45,852)
Depreciation and amortization	**(2,174,177)**	(2,085,714)
Interest expense	**(114,326)**	(103,829)
Income and property tax expense	**(415,208)**	(407,341)
Total net nonoperating activities	**(552,735)**	(2,418,180)
Total change in unrestricted net assets	**1,777,684**	(1,724,127)
Changes in temporarily restricted net assets		
Television production and other restricted contributions	**64,867,411**	68,903,914
Endowment investment return	**2,817,200**	333,972
Endowment distributions	**(359,854)**	(1,625,522)
Net assets released from restrictions	**(67,766,763)**	(68,437,716)
Total change in temporarily restricted net assets	**(442,006)**	(825,352)
Changes in permanently restricted net assets		
Endowment gifts	**10,051**	600
Total change in permanently restricted net assets	**10,051**	600
Change in total net assets	**1,345,729**	(2,548,879)
Net assets at beginning of year	**136,239,734**	138,788,613
Net assets at end of year	**$ 137,585,463**	$ 136,239,734

See accompanying notes to consolidated financial statements.

The Greater Washington Educational Telecommunications Association, Inc.

Consolidated Statements of Changes in Net Assets

Years Ended June 30,	**Unrestricted**	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Net assets, June 30, 2015	$ 30,121,251	$ 98,923,841	$ 9,743,521	$ 138,788,613
Change in net assets	(1,724,127)	(825,352)	600	(2,548,879)
Net assets, June 30, 2016	28,397,124	98,098,489	9,744,121	136,239,734
Change in net assets	1,777,684	(442,006)	10,051	1,345,729
Net assets, June 30, 2017	$ 30,174,808	$ 97,656,483	$ 9,754,172	$ 137,585,463

See accompanying notes to consolidated financial statements.

The Greater Washington Educational Telecommunications Association, Inc.

Consolidated Statements of Cash Flows

Years ended June 30,	2017	2016
Cash flows from operating activities		
Change in net assets	**$ 1,345,729**	$ (2,548,879)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Contributions restricted for long term purposes	**(10,051)**	(600)
Depreciation and amortization	**2,174,177**	2,085,714
Unrealized and realized (gain) loss on investments	**(3,598,242)**	714,577
Change in unamortized discount on grants and contributions receivable	**(19,447)**	(500,398)
Change in provision for uncollectible accounts and contributions receivable	**11,478**	(50,504)
Loss on disposal of property	**5,201**	45,852
Changes in operating accounts		
Restricted cash	**12**	191,498
Accounts and contributions receivable	**9,274,209**	12,694,688
Prepaid expenses and other assets	**542,803**	(147,088)
Film assets	**(5,647,942)**	(11,921,099)
Accounts payable and accrued expenses	**(1,052,764)**	2,925,257
Deferred revenue	**(230,528)**	(100,881)
Net cash provided by operating activities	**2,794,635**	3,388,137
Cash flows from investing activities		
Additions to investment portfolio	**(220,822)**	(56,590)
Reinvestment of investment income	**(1,418,917)**	(1,315,386)
Withdrawals from investment portfolio	**1,710,293**	2,209,851
Purchases of property and equipment	**(989,857)**	(2,748,078)
Net cash used in investing activities	**(919,303)**	(1,910,203)
Cash flows from financing activities		
Contributions restricted for long-term purposes	**10,051**	600
Increase on long-term debt	**15,860**	-
Payments on long-term debt	**(805,615)**	(829,099)
Net cash used in financing activities	**(779,704)**	(828,499)
Net increase in cash and cash equivalents	**1,095,628**	649,435
Cash and cash equivalents, beginning of year	**15,462,947**	14,813,512
Cash and cash equivalents, end of year	**$ 16,558,575**	$ 15,462,947
Supplemental cash flow information		
Interest paid	**$ 97,889**	$ 105,060
Noncash debt refinance	**$ 4,977,278**	$ -

See accompanying notes to consolidated financial statements.

1. Organization and Summary of Significant Accounting Policies

Organization

The Greater Washington Educational Telecommunications Association, Inc. (WETA) is a nonprofit Washington, D.C. corporation chartered in 1953 to operate a public television and public FM radio station. WETACOM, Inc., a wholly-owned for-profit subsidiary of WETA, was chartered in 1981 to engage in television production for commercial use.

NewsHour Productions LLC, a wholly-owned not-for-profit subsidiary of WETA, was formed in May 2014, for the primary business purpose of producing the PBS NewsHour program and other related activities. NewsHour Productions LLC is a single member limited liability company ('LLC') with WETA as its sole member. NewsHour Productions LLC is consolidated with WETA for financial statement and tax purposes.

Principles of Consolidation

WETA presents consolidated financial statements that include the accounts of WETA and its wholly-owned subsidiaries WETACOM, Inc. and NewsHour Productions LLC. WETACOM has been inactive since 2002. Intercompany balances and transactions have been eliminated in consolidation.

Basis of Presentation

WETA maintains its records using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Cash and Cash Equivalents

WETA considers highly liquid investments with an original maturity of three months or less at the date of purchase to be cash equivalents except for the cash accounts held as part of investments. Cash that is held in escrow or whose use is otherwise restricted is reported separately as restricted cash.

Investments

The fair value of marketable investments in equity and debt securities (which includes both domestic and foreign issues) are based on the published current market value at June 30, 2017 and 2016. The fair value of WETA's investments in limited partnerships is based on management's valuation of estimates and assumptions from information and representations provided by the respective general partners in the absence of readily ascertainable market values.

Realized gains and losses from sales of investments and unrealized gains and losses from market fluctuations of the underlying investments are included in the consolidated statements of activities during the period in which they occur.

Film Assets

WETA capitalizes the production cost of television programs. The costs are recognized as expense when the program segment is first aired.

Property and Equipment

Property and equipment is recorded at cost. Contributed property is recorded at the estimated fair value at the date of contribution. WETA capitalizes all expenditures for property and equipment over $1,000. The useful life of the asset is determined on a case-by-case basis, and the estimated useful lives currently range from one to 31.5 years. Depreciation and amortization is calculated using the straight-line method over the estimated useful lives of the assets. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed from the accounts, and any remaining gain or loss is included in operations. Repairs and maintenance are charged to expense when incurred.

Deferred Revenue

Deferred revenue represents receipts for local broadcast underwriting in advance of the revenue being earned.

Net Assets

Contributions are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of WETA and changes therein are classified and reported as follows:

Unrestricted Net Assets: Net assets that are not subject to donor-imposed restrictions. Revenue is reported as an increase in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. All expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as an increase or decrease in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Temporarily Restricted Net Assets: Net assets subject to donor-imposed restrictions that may or will be met either by the actions of WETA and/or the passage of time. Releases of temporary restrictions on net assets are reported as reclassifications from temporarily restricted to unrestricted net assets when the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed.

Permanently Restricted Net Assets: Net assets that must be maintained permanently by WETA in accordance with donor-imposed restrictions.

Endowment

WETA's endowment consists of individual funds established for a variety of purposes that are subject to varying levels of donor-imposed restrictions.

WETA classifies amounts designated by the donor to be preserved in perpetuity as permanently restricted. Donor-restricted funds that are not designated by the donor to be preserved in perpetuity are classified as temporarily restricted. Earnings from all donor-restricted funds are classified as temporarily restricted until such time as they are appropriated for use. Both the principal and earnings of Board-designated funds are classified as unrestricted. Investment income and investment gains and losses are attributed to individual endowment funds in proportion to their pro rata share of the investment balance at the beginning of the fiscal year.

Television and Radio Production

WETA receives sponsorships from entities to underwrite the cost of some of its programs and productions. In such instances, WETA recognizes the total sponsorship as a temporarily restricted contribution upon receipt of the gift. When the donor restriction expires through performance and/or lapse of time, the sponsorship is transferred from temporarily restricted net assets to unrestricted net assets.

Membership and Contributions from Individuals

Contributions, which include unconditional contributions receivable, are recognized as revenue at the earlier of the period received or when the promise is made. Conditional promises to give are not included as support until the conditions are substantially met. There were no conditional promises to give during the years ended June 30, 2017 and 2016.

Contributed Services, Materials, and Equipment

WETA receives contributed goods and services from outside sources to assist with outreach, education, fundraising, and advertising. Such goods and services include, but are not limited to, airfare, advertising, and other services. These amounts are recorded at fair value in the accompanying consolidated statements of activities within corporate underwriting and funding revenue and the related expense of $239,646 and $788,413 for the years ended June 30, 2017 and 2016, respectively.

Expenses

Expenses are recognized by WETA during the period in which they are incurred. Expenses paid in advance and not yet incurred are deferred to the applicable period.

Functional Allocation of Expenses

The costs of providing various program and supporting activities have been summarized on a functional basis in Note 16. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. WETA is also required to make estimates and assumptions that affect the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Advertising

Advertising expenditures are expensed as incurred. Advertising expense was $861,155 and $1,337,174 for the years ended June 30, 2017 and 2016, respectively.

Income Taxes

WETA is recognized as exempt from federal income taxes, except on unrelated activities, under Internal Revenue Code (IRC) Section 501(c)(3). The Internal Revenue Service has also determined that WETA is not a private foundation.

WETACOM, Inc. is a taxable subsidiary that presently owes no federal income taxes.

NewsHour Production LLC is a single member LLC and is a disregarded entity for federal income tax purposes.

Recently Adopted Accounting Pronouncements

In August 2014, the Financial Accounting standards Board (FASB) issued Accounting Standards Update ASU 2014-15, *Presentation of Financial Statements - Going Concern (Subtopic 205-40): Disclosures of Uncertainties about an Entity's Ability to Continue as a Going Concern*. The update provides guidance about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern. The update also provides related disclosures. The guidance is effective for annual periods ending after December 15, 2016.The adoption of this update had no impact on WETA's consolidated financial statements.

Recent Accounting Pronouncements Not Yet Adopted

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FASB issued ASU 2015-14 that deferred the effective date for WETA until annual periods beginning after December 15, 2018. Earlier adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842*) to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial positon and disclosing key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use (ROU) model that requires, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded. The ASU is effective for WETA's fiscal years beginning after December 15, 2019 with early adoption permitted. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958)– Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The ASU is effective for WETA's consolidated financial statements for fiscal years beginning after December 15, 2017. Early adoption is permitted. The provisions of the ASU must be applied on a retrospective basis for all years presented although certain optional practical expedients are available for periods prior to adoption. Management is currently evaluating the impact of this ASU on its consolidated financial statements.

2. Uninsured Cash Balances

WETA maintains its cash balances at several financial institutions in accounts, which, at times, may exceed federally insured limits. WETA has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents. Uninsured cash balances aggregate approximately $16.6 million and $14.4 million at June 30, 2017 and 2016, respectively.

3. Accounts and Contributions Receivable

Accounts and contributions receivable are comprised of the following amounts at:

June 30,	**2017**	2016
Unbilled accounts receivable - grants and contributions	**$ 14,875,277**	$ 26,382,498
Accounts receivable - grants and contributions	**5,843,248**	3,652,814
Other	**294,882**	252,304
Discount on long-term receivables	**(23,184)**	(42,631)
Allowance for doubtful accounts	**(52,220)**	(40,742)
Accounts and contributions receivable, net	**$ 20,938,003**	$ 30,204,243

Contributions that are expected to be received more than one year into the future are discounted using weighted average risk free rates of 0.89% and 1.43% for the years ended June 30, 2017 and 2016, respectively. Amortization of the discount is recorded as additional contribution revenue, typically ratably, and is used in accordance with donor-imposed restrictions, if any, on the contributions. When necessary, an allowance is made for uncollectible contributions, based upon management's judgment, past collection experience, and other relevant factors. For the years ended June 30, 2017 and 2016, WETA wrote off $0 and $49,400 in contribution receivables.

Accounts and contributions receivable are expected to be collected over the following periods:

June 30,	**2017**	2016
Due in less than one year	**$ 19,625,073**	$ 25,694,282
Due after one year and before five years	**1,388,334**	4,593,334
Due after five years	**-**	-
Discount of long-term receivables	**(23,184)**	(42,631)
Allowance for doubtful accounts	**(52,220)**	(40,742)
Accounts and contributions receivable, net	**$ 20,938,003**	$ 30,204,243

Long-term receivables arise primarily from grants and contributions designated to fund television projects, which often have multiyear production schedules.

4. Investments

Investments, at fair value, consist of the following at:

June 30,	**2017**	2016
Cash and cash equivalents held in investment portfolio	**$ 255,321**	$ 253,606
Common stocks, equity investments, and equity mutual funds	**27,672,804**	25,157,969
Bonds and fixed income mutual funds	**19,704,160**	18,692,534
Real estate limited partnerships	**3,700**	4,188
Total investments	**$ 47,635,985**	$ 44,108,297

Unrestricted investment return consists of the following:

Years ended June 30,	**2017**	2016
Interest and dividends	$ **640,259**	$ 554,135
Unrealized gain (loss)	**641,886**	(431,654)
Realized gain	**919,127**	144,358
Investment management fees	**(45,095)**	(42,283)
Unrestricted investment return, net	$ 2,156,177	$ 224,556

Donor-restricted endowment investment return consists of the following:

Years ended June 30,	**2017**	2016
Interest and dividends	**$ 779,971**	$ 761,253
Unrealized gain (loss)	**917,537**	(625,597)
Realized gain	**1,119,692**	198,316
Donor restricted endowment investment return	**$ 2,817,200**	$ 333,972

5. Property and Equipment

Property and equipment consists of the following at:

June 30,	**2017**	2016
Land	**$ 2,255,367**	$ 2,255,367
Building and improvements	**19,536,344**	19,524,301
Production and other equipment	**31,040,642**	30,771,030
Fixed assets purchased, but not yet placed in service	**274,266**	344,836
	53,106,619	52,895,533
Less: accumulated depreciation and amortization	**(39,499,751)**	(38,099,144)
Property and equipment, net	**$ 13,606,868**	$ 14,796,389

During 2017, WETA disposed of property and equipment totaling $778,771 no longer in service, resulting in a net loss on disposal of $5,201. During 2016, WETA disposed of property and equipment totaling $722,002 no longer in service, resulting in a net loss on disposal of $45,852. Depreciation and amortization expense was $2,174,177 and $2,085,714 for the years ended June 30, 2017 and 2016, respectively.

6. Long-Term Debt

On August 1, 2012, WETA entered into a five-year commercial, unsecured loan agreement with Bank of America. This loan had an initial balance of $8,551,600 with a fixed interest rate of 1.78% per annum. On February 1, 2017, WETA refinanced the remaining portion of this loan by entering into a five-year commercial, unsecured loan agreement with Bank of America. The new loan had an initial balance of $4,977,278 with a fixed interest rate of 2.23% per annum.

Interest expense on the long-term debt totaled $98,466 and $103,830 for the years ended June 30, 2017 and 2016, respectively.

Scheduled principal payments on the long-term debt, by year and in aggregate, are as follows:

Years ending June 30:	
2018	$ 958,114
2019	980,002
2020	1,002,263
2021	1,025,288
2022	696,491
Total	$ 4,662,158

The long-term debt has a restrictive debt covenant under which WETA must maintain a minimum unrestricted, unencumbered liquid assets of $10,000,000 measured semi-annually, and a debt service coverage ratio of not less than 1.2 to 1.0 measured annually. If the debt service coverage ratio is not met, it will automatically be waived and not be considered a default as long as WETA maintains unrestricted, unencumbered liquid assets to funded debt ratio of not less than 1.50 to 1.0

measured semi-annually. WETA must provide the bank with quarterly un-audited financial statements and annual audited financial statements.

7. Line-of-credit

On May 23, 2011 WETA established a revolving line-of-credit with Bank of America in the amount of $2,000,000, which was subsequently increased to $4,000,000 on February 3, 2016. WETA had no outstanding amounts due under the line-of-credit at June 30, 2017 and 2016. The interest rate at June 30, 2017 and 2016 was 0% and 1.0603%, respectively.

8. Fair Value Measurement

FASB Accounting Standards Codification (ASC) 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Basis of Fair Value Measurement

Level 1: Valuation based on quoted prices in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date, and where transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Valuation based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, that is markets in which there are few transactions, prices are not current, or prices vary substantially over time.

Level 3: Valuation based on inputs that are unobservable for an asset or liability and shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. This input therefore reflects WETA's assumptions about what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

WETA's investments in marketable securities (common stocks, equity investments, equity mutual funds, bonds and fixed income) are reported at fair value, based on quoted market prices. The fair value of WETA's investments in marketable securities is determined to be Level 1 as they are traded in active markets.

The fair values of WETA's investments in real estate limited partnerships, in the absence of readily ascertainable markets, are based on management's valuation of estimates and assumptions provided by information and representations from the general partnerships. These investments were less than 1% of total investments on WETA's consolidated statements of financial position as of both June 30, 2017 and 2016. WETA's investments in limited partnerships are classified as Level 3 in accordance with FASB ASC 820, as their valuation requires substantial judgment and estimation of factors that are not currently observable in the market due to the lack of trading in the investments. WETA's investments in real estate limited partnerships are being liquidated. Amounts remaining will be liquidated as soon as possible, although some balances may remain for several years due to requirements of the funds.

The following tables set forth by level within the fair value hierarchy WETA's investment assets and liabilities at fair value as of June 30, 2017 and 2016, respectively. As required by ASC 820, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Financial assets and liabilities measured at fair value on a recurring basis consist of the following amounts as of June 30, 2017:

	Investments at Fair Value			
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant other unobservable inputs (Level 3)	Balance as of June 30, 2017
Asset Category:				
Money Market Fund:				
Cash and Cash Equivalent	$ 1,193	$ -	$ -	$ 1,193
Money Market	254,128	-	-	254,128
Equity investments:				
457(b) Deferred Compensation Plan	1,228,926	-	-	1,228,926
PTMMG	11,007	-	-	11,007
Vanguard International Growth	2,144,126	-	-	2,144,126
Vanguard International Value	2,161,654	-	-	2,161,654
Vanguard PRIMECAP	3,027,733	-	-	3,027,733
Vanguard Total International Stock Index	6,055,587	-	-	6,055,587
Vanguard Total Stock Market Index	9,545,941	-	-	9,545,941
Vanguard Windsor Fund Admiral	3,043,621	-	-	3,043,621
Technology	391	-	-	391
Wachovia Charitable Gift Annuity Program	453,818	-	-	453,818
Fixed Income:				
Vanguard Intermediate-Term Investment Grade	5,182,892	-	-	5,182,892
Vanguard Short-Term Investment Grade	3,467,299	-	-	3,467,299
Vanguard Total Bond Market Index Institutional	8,638,464	-	-	8,638,464
Vanguard Total Bond Market Index	2,415,505	-	-	2,415,505
Real Estate Limited Partnerships:				
JP Morgan Alternative Property Fund	-	-	3,700	3,700
Total investments at fair value	$ 47,632,285	$ -	$ 3,700	$ 47,635,985

Financial assets and liabilities measured at fair value on a recurring basis consist of the following amounts as of June 30, 2016:

	Investments at Fair Value			
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant other unobservable inputs (Level 3)	Balance as of June 30, 2016
Asset Category:				
Money Market Fund:				
Money Market	$ 253,606	$ -	$ -	$ 253,606
Equity investments:				
457(b) Deferred Compensation Plan	1,038,333	-	-	1,038,333
PTMMG	11,007	-	-	11,007
Vanguard International Growth	1,478,966	-	-	1,478,966
Vanguard International Value	1,364,032	-	-	1,364,032
Vanguard PRIMECAP	3,378,700	-	-	3,378,700
Vanguard Total International Stock Index	3,571,209	-	-	3,571,209
Vanguard Total Stock Market Index	10,498,203	-	-	10,498,203
Vanguard Windsor Fund Admiral	3,377,434	-	-	3,377,434
Technology	391	-	-	391
Wachovia Charitable Gift Annuity Program	439,694	-	-	439,694
Fixed Income:				
Vanguard Intermediate-Term Investment Grade	6,150,913	-	-	6,150,913
Vanguard Short-Term Investment Grade	1,993,328	-	-	1,993,328
Vanguard Total Bond Market Index Institutional	8,122,064	-	-	8,122,064
Vanguard Total Bond Market Index	2,426,229	-	-	2,426,229
Real Estate Limited Partnerships:				
JP Morgan Alternative Property Fund	-	-	4,188	4,188
Total investments at fair value	$ 44,104,109	$ -	$ 4,188	$ 44,108,297

The estimated fair values of WETA's financial instruments that are not measured at fair value on a recurring basis as of June 30, 2017 and 2016 are as follows:

	2017		2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Accounts and contributions receivable, net	$ 20,938,003	$21,308,748	$ 30,204,244	$ 30,651,797
Long-term debt	$ 4,662,158	$ 6,169,285	$ 5,451,913	$ 6,765,090

Contributions receivable:

The fair value of contributions receivable is estimated using risk free interest rates applied to multi-year contributions receivable when notice of intent is given.

Long-term debt:

The carrying amount is the amount at which the financial instrument is recorded on the books of WETA. The fair value is estimated using the discounted cash flow analysis using market rates for similar types of debt discounted to present value.

9. Retirement Plan

WETA provides retirement benefits for substantially all of its employees through a 403(b) defined contribution savings plan. WETA's financial liability under this plan is limited to current contributions. Total employer contributions to the plan were $2,358,714 and $2,023,014 for the years ended June 30, 2017 and 2016, respectively.

10. Deferred Compensation Plan

In January 2002, WETA adopted the 457(b) Deferred Compensation Plan of WETA (the Plan). The Plan is intended to be a deferred compensation plan for corporate officers of WETA in accordance with Section 457(b) of the IRC. The recorded asset and liability for the deferred compensation plan was $1,228,926 and $1,038,333 for the years ended June 30, 2017 and 2016, respectively. These amounts are recorded in investments and accounts payable and accrued expenses in the consolidated statements of financial position.

11. Income Taxes

WETA follows the provisions of FASB ASC 740, *Accounting for Uncertainty in Income Taxes*. Under ASC 740, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more-likely-than-not that the position will be sustained. WETA does not believe there are any material uncertain tax positions and, accordingly, it has not recognized any liability for unrecognized tax benefits.

WETA has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, WETA has filed Internal Revenue Service Form 990 and Form 990-T tax returns, as required, and all other applicable returns in jurisdictions where it is required. WETA believes that it is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2014. However, WETA is still open to examination by taxing authorities for the current year and the prior three years. For the years ended June 30, 2017 and 2016, no interest or penalties were required to be recorded or included in the consolidated statements of activities related to uncertain tax positions.

12. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

June 30,	**2017**	2016
National television production	**$ 78,678,224**	$ 78,345,956
Local broadcasting	**18,441,730**	19,281,985
Learning media projects	**536,529**	470,548
Temporarily restricted net assets	**$ 97,656,483**	$ 98,098,489

Net assets released from restrictions included in revenues within the consolidated statements of activities are as follows:

June 30,	**2017**	2016
Production funding from public broadcasting system	**$ 27,203,153**	$ 24,768,614
Corporate underwriting and funding	**13,369,669**	12,485,719
Foundations and not-for-profit organizations	**19,885,308**	21,421,177
Community service grants from Corporation for Public Broadcasting	**5,587,963**	5,255,694
Federal, state, and local government grants	**678,789**	769,738
Membership and individuals	**1,041,881**	3,736,774
Total net assets released from restrictions	**$67,766,763**	$ 68,437,716

13. Permanently Restricted Net Assets

June 30,	**2017**	2016
Endowments		
The Leonore Annenberg Endowment	**$ 5,000,000**	$ 5,000,000
Capital Campaign Fund – Program Trust	**2,505,421**	2,505,421
Eugene B. Casey Endowment	**1,000,000**	1,000,000
Fisher Endowment	**950,000**	950,000
Arts Program Fund	**200,000**	200,000
Other Named Endowments	**98,751**	88,700
Total permanently restricted net assets	**$9,754,172**	$ 9,744,121

The Leonore Annenberg Endowment

On August 28, 2007, the Annenberg Foundation established The Leonore Annenberg Endowment to support projects that are important, national in scope and consistent with the values and integrity of its namesake. As of September 30 each year, WETA will determine the Fund's market value, including income and both realized and unrealized gains and losses net of fees, and calculate the amount that may be withdrawn.

Capital Campaign Fund – Program Trust

The Capital Campaign Fund was established in 1990 to help fund the development of new facilities and to create an endowment to support the development of radio and television programming for public broadcasting. During fiscal year 1991, the National Endowment for the Humanities awarded WETA a $562,000 endowment challenge grant, which was matched by $2,443,421 from private sources. Net assets associated with these grants are recorded as permanently restricted net assets, except for $500,000 that is unrestricted having been applied toward the purchase of equipment pursuant to donor restrictions. Income generated by this fund is applied to the development of radio and television programming for public broadcasting.

Eugene B. Casey Endowment

During fiscal year 2001, the Eugene B. Casey Foundation made a $1,000,000 permanently restricted contribution to establish the Eugene B. Casey Endowment Fund. The income from the endowment fund is used to provide programming for children and young people that will enrich them through knowledge of their bodies, minds, and spirit.

Fisher Endowment

On January 20, 2006, the Robert M. Fisher Memorial Foundation, Inc. established a $1,000,000 program Endowment Fund at WETA. The Fisher Endowment Fund will be used to acquire, produce and broadcast television and radio programs in the fulfillment of the mission of WETA. WETA will use five percent (5%) of the value of the fund as of December 31 the year prior, or $50,000, whichever is greater, each year. If the earnings are less than $50,000 in any one year, the $50,000 shall be funded by the earnings and an amount from principal to bring the annual total to $50,000.

Arts Endowment and Arts Program

During fiscal year 1988, WETA received a $600,000 challenge grant from the National Endowment for the Arts (NEA). WETA was required by the terms of the grant to provide matching contributions totaling $1,800,000. Together, the grant and matching funds were used to establish an Arts Endowment Fund of $1,000,000 and an Arts Program Fund of $1,400,000 (together, the Funds). The original principal of the Funds was permanently restricted under the terms of the original grants, though internal borrowing from the Arts Program Fund principal is permitted. As of June 30, 2017 and 2016, WETA had not borrowed from the Funds. In November 2007, NEA informed WETA that the permanent restriction on the funds had been removed. As of June 30, 2008, WETA reclassified $2,200,000 of those funds into unrestricted net assets. $200,000 of the Art Program Fund remains permanently restricted since the funds were matching funds and have not been released from restriction by the donors.

Other Named Endowments

During fiscal year 2017 and 2016, WETA received $10,051 and $600, respectively, in endowment contributions from several donors to support WETA's mission and the community it serves.

14. Endowment

WETA's endowment consists of individual funds established for a variety of purposes. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. WETA reports these funds in accordance with FASB ASC 958 (*Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and Enhanced Disclosures for All Endowment Funds)*.

Description of Endowment Funds

At June 30, 2017 and 2016, WETA had ten endowment funds totaling $42,606,472 and $37,659,843, respectively. As of June 30, 2017 and 2016, seven of these funds have donor-imposed restrictions on the use of the funds, including six funds with amounts totaling $9,754,172 and $9,744,121, respectively, and that are permanently restricted – that is, intended to be preserved in perpetuity. In addition to the six permanently restricted endowment funds described in Note 14, WETA has one additional donor-restricted endowment fund and three Board-designated endowment funds.

Donor Restricted Fund

Arts Endowment Fund and Arts Program Fund: To establish an arts endowment fund for WETA. A significant portion of the funds were released from permanently restricted net assets in fiscal year 2008 in accordance with the donor's instructions. At June 30, 2017 and 2016, $200,000 of the Arts Program Fund remained donor-restricted.

Board-Designated Funds

WETA Endowment Fund: To provide a continued source of income for operations or to fund special projects, capital improvements or emergency needs.

Capital Building Fund: To be used for the purchase of capital assets without obligation (or donor expectation) to preserve any amount of capital.

Program Investment Fund: To provide a continuing source of investment capital for expenditure in the development of and participation in projects of interest to WETA.

Program Fund for Excellence: To be used to develop programming of intellectual integrity and cultural merit and to support other projects related to the mission of WETA.

The distribution of endowment net assets between donor-restricted and board-designated for the years ending June 30, 2017 and 2016 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	2017 Total
Leonore Annenberg Endowment	$ -	$ 2,204,279	$ 5,000,000	$ 7,204,279
Eugene B. Casey Endowment		791,616	1,000,000	1,791,616
Fisher Endowment		374,351	950,000	1,324,351
Other Named Endowments		24,593	98,751	123,344
Program Trust Fund		7,357,557	2,505,421	9,862,978
Arts Endowment Fund		3,501,290	-	3,501,290
Arts Program Fund		2,501,339	200,000	2,701,339
Donor restricted endowment funds	$ -	$ 16,755,025	$ 9,754,172	$ 26,509,197
WETA Endowment Fund	5,330,471	-	-	5,330,471
Capital Building Fund	4,984,231	-	-	4,984,231
Program Investment Fund	4,224,080	-	-	4,224,080
Program Fund for Excellence	1,558,493	-	-	1,558,493
Board designated funds	$ 16,097,275	$ -	$ -	$ 16,097,275
Total endowment net assets	$ 16,097,275	$ 16,755,025	$ 9,754,172	$ 42,606,472

	Unrestricted	Temporarily Restricted	Permanently Restricted	2016 Total
Leonore Annenberg Endowment	$	$ 1,448,683	$ 5,000,000	$ 6,448,683
Eugene B. Casey Endowment	-	872,228	1,000,000	1,872,228
Fisher Endowment	-	289,017	950,000	1,239,017
Other Named Endowments	-	12,709	88,700	101,409
Program Trust Fund	-	6,323,015	2,505,421	8,828,436
Arts Endowment Fund	-	3,113,056	-	3,113,056
Arts Program Fund	-	2,238,970	200,000	2,438,970
Donor restricted endowment funds	$ -	$ 14,297,678	$ 9,744,121	$ 24,041,799
WETA Endowment Fund	4,538,634	-	-	4,538,634
Capital Building Fund	5,298,400	-	-	5,298,400
Program Investment Fund	3,781,010	-	-	3,781,010
Board designated funds	$ 13,618,044	$ -	$ -	13,618,044
Total endowment net assets	$ 13,618,044	$ 14,297,678	$ 9,744,121	$ 37,659,843

Funds with Deficiencies

The fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires WETA to retain as a fund of perpetual duration. There were no endowment funds with deficiencies for the years ended June 30, 2017 and 2016.

Changes in Endowment Net Assets for the fiscal year ended June 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	2017 Total
Endowment net assets, beginning of year	**$ 13,618,044**	**$ 14,297,678**	**$ 9,744,121**	**$ 37,659,843**
Investment income	**441,797**	**779,973**	**-**	**1,221,770**
Investment gains, net	**1,153,940**	**2,037,229**	**-**	**3,191,169**
Contributions and additions	**2,493,494**	**(359,855)**	**10,051**	**2,143,690**
Distributions	**(1,610,000)**	**-**	**-**	**(1,610,000)**
Endowment net assets, end of year	**$ 16,097,275**	**$ 16,755,025**	**$ 9,754,172**	**$ 42,606,472**

Changes in Endowment Net Assets for the fiscal year ended June 30, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	2016 Total
Endowment net assets, beginning of year	$ 14,612,970	$ 15,589,229	$ 9,743,521	$ 39,945,720
Investment income	439,122	761,254	-	1,200,376
Investment losses, net	(246,474)	(427,282)	-	(673,756)
Contributions and additions	935,000	-	600	935,600
Distributions	(2,122,574)	(1,625,523)	-	(3,748,097)
Endowment net assets, end of year	$ 13,618,044	$ 14,297,678	$ 9,744,121	$ 37,659,843

Endowment Investing Policies

Permanent endowments and other endowments are aggregated into a single pool along with other investment funds to permit optimal asset allocation. WETA's primary investment objective is long-term growth to preserve and enhance the inflation-adjusted purchasing power of the total endowment.

WETA has a well-diversified investment portfolio that includes fixed income and equity mutual funds, real estate limited partnerships and cash. WETA's Investment Subcommittee monitors the portfolio and investment manager, and advises the Finance and Budget Committee of the Board of Trustees on investment matters in accordance with a written committee charter.

Endowment Spending Policies

Endowment gifts are spent in accordance with the wishes of the donor. WETA may not spend certain endowment earnings every year if projects that meet donor restrictions are not undertaken. If earnings are not used in a particular year, WETA reinvests them for appropriate use in a future year.

Allowable withdrawals that are not taken within a particular year may be withdrawn in subsequent years with the approval of WETA's Finance and Budget Committee.

Unless a donor establishes a fund with other or more specific rules about how distributions are to be determined, distributable amounts are calculated as follows:

Permanent endowments whose principal is to be preserved in perpetuity: WETA may annually withdraw up to 5% of the prior year's ending balance. This rate is reviewed periodically by WETA's Finance and Budget Committee to ensure that it continues to be an appropriate rate to preserve the principal value of the gift in perpetuity.

The Capital Building Fund: WETA may withdraw any amount authorized by the Finance and Budget Committee.

The Program Trust Fund: WETA may withdraw any amount authorized by the Finance and Budget Committee, except for the $2,505,421 that is permanently restricted.

For all other funds where principal preservation is not required: WETA may annually withdraw up to 5% of the average ending balances of the prior three years.

The decision whether to include withdrawal of money for a particular year's annual budget is made by the Finance and Budget Committee and approved by the Board of Trustees. Subject to all donor-imposed restrictions, WETA's Finance and Budget Committee may approve an extraordinary withdrawal to support essential operations in a significant or protracted economic downturn; cover critical capital expenditures lacking other sources of funding; provide cash flow for a strategic business initiative, or meet other organizational needs.

15. Functional Expenses

The following is a detail of expenses by function as required by FASB ASC 958-205, *Financial Statements of Not-for-Profit Organizations,* which incorporates both operating expenses and non-operating expenses by function such as depreciation and amortization, interest and tax expense.

Years ending June 30:	**2017**	2016
National programming and productions	**$ 59,835,653**	$ 59,616,817
Television broadcast operations	**11,399,019**	10,111,300
Radio broadcast operations	**3,008,382**	3,002,905
Promotion, education and outreach	**5,708,532**	5,220,096
Total program services	**79,951,586**	77,951,118
Fundraising and membership development	**8,272,231**	7,668,321
Underwriting and grant solicitation	**4,671,784**	5,317,138
Management and general	**3,327,518**	3,373,990
Total supporting services	**16,271,533**	16,359,449
Total expenses	**$ 96,223,119**	$ 94,310,567

16. Description of Program and Supporting Services

The following program and supporting services are included in the functional expense note above.

National programming and productions: This program includes national program development and the production center facility.

Television broadcast operations: This program includes TV station program acquisition and scheduling functions, as well as the master control and engineering functions related to television.

Radio broadcast operations: This program includes radio station program acquisition and scheduling functions, as well as the FM studio and engineering functions related to radio.

Promotion, education and outreach: This program includes communications, Learning Media and audience services.

Fundraising and membership development: This supporting service category includes the departments focused on raising a high volume of relatively low dollar membership gifts from individuals, as well as major giving.

Underwriting and grant solicitation: This supporting service category includes foundation and government development, and local and national corporate program and production underwriting.

Management and general: This supporting service category includes the functions necessary to support the proper administrative functioning of WETA such as human resources, management information systems, accounting and finance, legal, executive offices and facilities.

17. Commitments

WETA uses warehouse space, television towers, and related technical facilities under noncancelable operating leases that expire at various dates through 2022. Selected leases contain escalation clauses to cover increased operating expenses borne by the lessor.

Additionally, WETA generates rental income from office space and transmission facilities under noncancelable leases that expire at various dates through 2022.

Minimum future lease payments and receipts are as follows:

Years ending June 30:	Lease Payments	Lease Receipts
2018	$ 410,419	$ 586,980
2019	418,473	370,818
2020	361,280	268,973
2021	17,492	279,732
2022	1,458	290,922
	$ 1,209,122	$ 1,797,425

Total lease expense was $890,783 and $1,069,201 for the years ended June 30, 2017 and 2016, respectively. Total lease income was $654,061 and $753,557 for years ended June 30, 2017 and 2016, respectively.

Contingencies

The federal funding that supports public broadcasting may decline in the future as part of on-going deficit reduction efforts of Congress. It is not possible to estimate the probability of funding cuts, the amount or the timing of any federal funding cuts, or the effect that any cuts might have on WETA. The impact on WETA will depend on how the particular federally-funded programs that benefit WETA are affected, and how the public broadcasting system overall is affected.

The total of direct federal funding and funding from the Corporation for Public Broadcasting, which receives a direct Congressional appropriation, was approximately $27 million in fiscal year 2017, which is approximately 28% of total FY 2017 operating revenue.

18. Subsequent Events

WETA evaluated subsequent events though November 30, 2017 which is the date the consolidated financial statements were available to be issued. No material subsequent events were noted that required disclosure in or adjustment to the consolidated financial statements.

Supplementary Information

The Greater Washington Educational Telecommunications Association, Inc.

Schedule I - Supplemental Schedules of Revenues and Gains

Years ended June 30,	**2017**	2016
Consolidated schedule of revenues and gains:		
Federal government	**$ 1,576,154**	$ 3,428,191
Corporation for Public Broadcasting - CSGs	**5,624,997**	4,792,405
Corporation for Public Broadcasting - Other	**16,362,313**	8,924,261
Public Broadcasting Service	**9,317,741**	7,846,575
Other public broadcasting stations	**145,000**	42,983
Local government sources	**375,000**	-
State government sources	**30,000**	34,200
Private Colleges and Universities	**1,500,000**	4,000
Foundations and nonprofit organizations	**29,852,613**	24,952,134
Business and industry	**9,948,637**	15,537,720
Membership and individuals	**17,280,881**	25,740,113
Investment return	**2,156,177**	224,556
Loss on disposal of property and equipment	**(5,201)**	(45,852)
In-kind contributions	**239,646**	788,413
Endowment contributions	**10,051**	600
Endowment investment return	**2,817,199**	333,972
Rental income and other	**697,494**	782,939
Total revenues and gains	**$ 97,928,702**	$ 93,387,210
Reported in the consolidated statements of activities as:		
Total unrestricted revenues and other support	**$ 95,849,827**	$ 92,407,736
Net assets released from restrictions	**(67,766,763)**	(68,437,716)
Investment return	**2,156,177**	224,556
Loss on disposal of property and equipment	**(5,201)**	(45,852)
Endowment contributions	**10,051**	600
Endowment investment return	**2,817,200**	333,972
Television production and other restricted contributions	**64,867,411**	68,903,914
Total revenues and gains	**$ 97,928,702**	$ 93,387,210

This schedule reconciles the GAAP-basis revenue reported in WETA's audited consolidated financial statements to the total revenue reported to the Corporation for Public Broadcasting (CPB) in the Annual Financial Report (AFR). The AFR is prepared according to CPB's rules, which do not differentiate among unrestricted revenue, temporarily restricted revenue, and permanently restricted revenue in the manner required by GAAP accounting.

The Greater Washington Educational Telecommunications Association, Inc.

Schedule II: Supplemental Statement of Activities by Grantee

Year ended June 30, 2017	WETA-TV	WETA-Radio	Total
Changes in unrestricted net assets			
Revenues and other support, including amounts released from restrictions (Note 12)			
Production funding from public broadcasting system	$ 27,296,303	$ 2,535	$ 27,298,838
Corporate underwriting and funding	15,008,622	1,072,239	16,080,861
Membership and individuals	18,954,954	4,023,531	22,978,485
Foundations and not-for-profit organizations	18,799,332	345,042	19,144,374
Federal, state and local government grants	2,210,221	1,900	2,212,121
Community service grants from the Corporation for Public Broadcasting	5,260,924	327,039	5,587,963
Rental income and other	1,765,959	781,226	2,547,185
Total unrestricted revenues and other support	89,296,315	6,553,512	95,849,827
Operating expenses			
National programming and productions	58,151,255	-	58,151,255
Television broadcast operations	11,032,095	-	11,032,095
Radio broadcast operations	-	2,709,771	2,709,771
Promotion, education, and outreach	4,914,476	684,237	5,598,713
Fundraising and membership development	6,598,855	1,547,880	8,146,735
Underwriting and grant solicitation	3,882,946	723,707	4,606,653
Management and general	2,652,090	622,096	3,274,186
Total operating expenses	87,231,717	6,287,691	93,519,408
Net operating activities	2,064,598	265,821	2,330,419
Nonoperating activities			
Net investment return	1,746,503	409,674	2,156,177
Loss on disposal of property	(5,201)	-	(5,201)
Depreciation and amortization	(1,886,719)	(287,458)	(2,174,177)
Interest expense	(92,604)	(21,722)	(114,326)
Income and property tax expense	(362,361)	(52,847)	(415,208)
Total net nonoperating activities	(600,382)	47,647	(552,735)
Total change in unrestricted net assets	1,464,216	313,468	1,777,684

Telecommunications Association, Inc.

Schedule III - Supplemental Schedule of Functional Expenses

Year ended June 30, 2017	National Programming and Productions	Television Broadcast Operations	Radio Broadcast Operations	Promotion, Education, and Outreach	Total Program Services	Fundraising and Membership Development	Underwriting and Grant Solicitation	Management and General	Total Supporting Services	Total Expenses 2017
Compensation of officers and directors	$ 2,612,188	$ -	$ -	$ -	$ 2,612,188	$ -	$ -	$ 1,632,730	$ 1,632,730	$ 4,244,918
Other salaries and wages	15,954,462	2,480,354	1,521,033	2,743,785	22,699,634	1,984,051	2,343,328	744,199	5,071,578	27,771,212
Pension plan contributions	1,207,962	163,896	100,468	181,461	1,653,787	131,454	154,065	109,254	394,773	2,048,560
Other employee benefits	1,754,591	238,063	145,931	263,576	2,402,161	190,940	223,782	158,693	573,415	2,975,576
Payroll taxes	1,276,159	173,149	106,140	191,706	1,747,154	138,876	162,763	115,422	417,061	2,164,215
Professional fundraising fees	-	-	-	-	-	372,943	-	-	372,943	372,943
Accounting fees	90,445	13,459	8,075	15,613	127,592	12,382	9,152	19,919	41,453	169,045
Legal fees	79,193	10,391	6,717	12,054	108,355	9,560	8,921	15,379	33,860	142,215
Supplies	236,815	20,187	8,037	62,717	327,756	33,990	23,679	28,019	85,688	413,444
Telephone, rent, and utilities	996,544	478,654	171,613	4,086	1,650,897	126,997	4,790	2,589	134,376	1,785,273
Postage and shipping	81,760	6,728	460	209,501	298,449	894,574	3,300	1,638	899,512	1,197,961
Occupancy	1,480,211	220,269	132,162	255,513	2,088,155	202,648	149,783	75,227	427,658	2,515,813
Equipment rental and maintenance	159,382	131,231	76,875	9,982	377,470	2,191	1,642	3,524	7,357	384,827
Printing and publications	34,988	8,181	68	258,836	302,073	608,161	383	466	609,010	911,083
Travel	1,790,910	25,254	8,094	172,180	1,996,438	34,412	165,678	28,344	228,434	2,224,872
Conferences, conventions, and meetings	685,557	20,666	4,027	165,292	875,542	107,083	30,706	16,169	153,958	1,029,500
Production and acquisition costs	21,560,886	1,739,115	122,802	256,136	23,678,939	443,714	9,768	21,653	475,135	24,154,074
Public Broadcasting Service dues	-	4,646,276	-	-	4,646,276	-	-	-	-	4,646,276
Advertising and promotions	294,992	19,951	52	450,424	765,419	971,760	56,828	381	1,028,969	1,794,388
Memberships and affiliations	7,989	2,144	27,677	2,269	40,079	21,185	443	112,411	134,039	174,118
All other expenses	7,846,221	634,127	269,540	343,583	9,093,471	1,859,814	1,257,642	188,168	3,305,624	12,399,095
Total operating expenses	58,151,255	11,032,095	2,709,771	5,598,714	77,491,835	8,146,735	4,606,653	3,274,185	16,027,573	93,519,408
Income and property tax expense	257,339	28,688	40,146	33,278	359,451	26,393	19,508	9,858	55,759	415,210
Interest expense	61,168	9,102	5,461	10,559	86,290	8,374	6,190	13,471	28,035	114,325
Depreciation and amortization	1,365,891	329,134	253,004	65,981	2,014,010	90,729	39,433	30,004	160,166	2,174,176
Grand totals	$ 59,835,653	$ 11,399,019	$ 3,008,382	$ 5,708,532	$ 79,951,586	$ 8,272,231	$ 4,671,784	$ 3,327,518	$ 16,271,533	$ 96,223,119

The Greater Washington Educational Telecommunications Association, Inc.

Schedule III - Supplemental Schedule of Functional Expenses

Year ended June 30, 2016	National Programming and Productions	Television Broadcast Operations	Radio Broadcast Operations	Promotion, Education, and Outreach	Total Program Services	Fundraising and Membership Development	Underwriting and Grant Solicitation	Management and General	Total Supporting Services	Total Expenses 2016
Compensation of officers and directors	$ 2,567,572	$ -	$ -	$ -	$ 2,567,572	$ -	$ -	$ 1,590,240	$ 1,590,240	$ 4,157,812
Other salaries and wages	15,239,310	2,263,412	1,508,283	2,539,078	21,550,083	2,042,065	2,023,450	787,929	4,853,444	26,403,527
Pension plan contributions	1,091,128	139,555	93,151	156,940	1,480,774	126,115	124,338	110,918	361,371	1,842,145
Other employee benefits	1,516,347	193,941	129,452	218,100	2,057,840	175,263	172,794	154,144	502,201	2,560,041
Payroll taxes	1,155,777	147,824	98,670	166,239	1,568,510	133,588	131,705	117,490	382,783	1,951,293
Professional fundraising fees	-	-	-	-	-	367,110	-	-	367,110	367,110
Accounting fees	76,770	10,266	7,588	13,390	108,014	10,266	7,141	14,729	32,136	140,150
Legal fees	68,577	9,070	6,704	11,830	96,181	9,070	7,745	13,013	29,828	126,009
Supplies	369,278	15,459	7,126	46,712	438,575	29,417	22,848	21,782	74,047	512,622
Telephone, rent, and utilities	1,546,392	502,789	167,498	24,538	2,241,217	111,506	15,640	(184,018)	(56,872)	2,184,345
Postage and shipping	81,191	7,598	2,384	194,391	285,564	897,315	2,584	2,913	902,812	1,188,376
Occupancy	1,323,216	176,942	130,783	230,793	1,861,734	176,942	123,090	253,873	553,905	2,415,639
Equipment rental and maintenance	180,838	105,362	65,577	3,470	355,247	1,054	1,000	1,512	3,566	358,813
Printing and publications	53,335	5,492	7,380	245,464	311,671	364,240	864	216	365,320	676,991
Travel	2,179,545	18,433	8,028	85,925	2,291,931	35,603	187,904	29,278	252,785	2,544,716
Conferences, conventions, and meetings	604,000	10,780	2,752	81,448	698,980	55,022	30,499	13,232	98,753	797,733
Production and acquisition costs	20,782,293	1,700,949	161,286	290,020	22,934,548	147,521	7,400	16,159	171,080	23,105,628
Public Broadcasting Service dues	-	3,898,751	-	-	3,898,751	-	-	-	-	3,898,751
Advertising and promotions	529,132	22,240	(185)	257,733	808,920	958,197	502,845	1,369	1,462,411	2,271,331
Memberships and affiliations	8,032	1,176	14,802	1,974	25,984	28,485	547	107,090	136,122	162,106
All other expenses	8,703,864	475,964	264,792	547,089	9,991,709	1,878,903	1,897,784	280,149	4,056,836	14,048,545
Total operating expenses	58,076,597	9,706,003	2,676,071	5,115,134	75,573,805	7,547,682	5,260,178	3,332,018	16,139,878	91,713,683
Income and property tax expense	254,464	25,617	41,288	33,414	354,783	25,617	17,821	9,120	52,558	407,341
Interest expense	56,875	7,605	5,621	9,920	80,021	7,605	5,291	10,912	23,808	103,829
Depreciation and amortization	1,228,881	372,075	279,925	61,628	1,942,509	87,417	33,848	21,940	143,205	2,085,714
Grand totals	$ 59,616,817	10,111,300	3,002,905	5,220,096	$ 77,951,118	7,668,321	$ 5,317,138	$ 3,373,990	$ 16,359,449	$ 94,310,567