The Greater Washington Educational Telecommunications Association, Inc. and Subsidiary

Consolidated Financial Report
June 30, 2020

Contents

RSM US LLP

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The Greater Washington Educational Telecommunications Association, Inc. and Subsidiary (the Organization), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, 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 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Greater Washington Educational Telecommunications Association, Inc. and Subsidiary as of June 30, 2020 and 2019, 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.

Emphasis of Matter
As disclosed in Note 1 to the financial statements, the Organization adopted the Financial Accounting Standards Board issued Accounting Standards Update 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* using the modified prospective method. This had a significant effect on the total revenue recognized for the year ended June 30, 2020, and resulted in additional disclosures. Our opinion is not modified with respect to this matter.

Other Matter
Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits 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.

RSM US LLP

McLean, Virginia
January 6, 2021

The Greater Washington Educational Telecommunications Association, Inc. and Subsidiary

Consolidated Statements of Financial Position
June 30, 2020 and 2019

	2020	2019
Assets		
Cash and cash equivalents	**$ 24,347,551**	$ 16,548,336
Receivables, net	**27,063,135**	30,222,927
Investments	**56,042,210**	52,772,496
Deferred compensation assets	**1,669,618**	1,520,839
Prepaid expenses and other assets	**1,740,926**	1,834,397
Film assets	**45,632,507**	53,924,295
Property and equipment, net	**10,929,430**	11,534,145
Total assets	**$ 167,425,377**	$ 168,357,435
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	**$ 4,806,120**	$ 9,604,163
Deferred revenue	**298,347**	327,997
Refundable advances	**11,832,841**	-
Deferred compensation liability	**1,669,618**	1,520,839
Loan payable	**1,721,779**	2,724,042
Total liabilities	**20,328,705**	14,177,041
Commitments and contingencies (Notes 7 and 12)		
Net assets:		
Without donor restrictions:		
Undesignated	**14,165,668**	13,760,683
Board designated	**21,759,002**	18,824,888
Total net assets without donor restrictions	**35,924,670**	32,585,571
With donor restrictions	**111,172,002**	121,594,823
Total net assets	**147,096,672**	154,180,394
Total liabilities and net assets	**$ 167,425,377**	$ 168,357,435

See notes to consolidated financial statements.

The Greater Washington Educational Telecommunications Association, Inc. and Subsidiary

Consolidated Statements of Activities
Years Ended June 30, 2020 and 2019

	2020	2019
Changes in net assets without donor restrictions:		
Revenues and other support, including amounts released from restrictions:		
Production funding from Public Broadcasting System	$ 19,669,112	$ -
Corporate underwriting and funding	6,015,013	1,459,893
Membership and individual contributions	24,215,552	21,973,852
Foundations and nonprofit organizations	1,794,054	412,076
Federal, state and local government grants	1,584,577	-
Rental income and other	1,854,758	2,333,082
Net assets released from restrictions:		
Production funding from Public Broadcasting System	9,456,501	23,113,055
Corporate underwriting and funding	14,154,781	13,612,891
Membership and individuals contributions	4,046,467	1,459,621
Foundations and nonprofit organizations	29,983,929	22,541,400
Federal, state and local government grants	4,007,600	3,029,577
Community service grants from the Corporation for Public Broadcasting	7,683,214	7,364,648
Total net assets released from restrictions	69,332,492	71,121,192
Total revenues and other support without donor restrictions	124,465,558	97,300,095
Expenses:		
National programming and productions	79,726,731	55,083,767
Television broadcast operations	11,462,526	11,367,158
Radio broadcast operations	2,398,617	2,257,763
Promotion, education and outreach	5,637,144	5,333,602
Fundraising and membership development	6,900,801	7,146,590
Underwriting and grant solicitation	2,729,713	3,447,301
Management and general	11,107,921	10,274,331
Total expenses	119,963,453	94,910,512
Change in net assets without donor restrictions before other changes	4,502,105	2,389,583
Other changes:		
Net investment return	1,430,469	1,608,323
Gain (loss) on disposal of property and equipment	1,500	(22,783)
Depreciation and amortization	(2,165,288)	(2,093,644)
Interest expense	(49,529)	(71,831)
Property tax expense	(422,374)	(493,616)
Other nonoperating income	42,216	2,834
Total other changes	(1,163,006)	(1,070,717)
Total change in net assets without donor restrictions	3,339,099	1,318,866
Changes in net assets with donor restrictions:		
Television production and other restricted contributions	57,153,649	89,963,234
Endowment investment return	1,820,512	1,709,554
Endowment distributions	(64,490)	(431,846)
Net assets released from restrictions	(69,332,492)	(71,121,192)
Total change in net assets with donor restrictions	(10,422,821)	20,119,750
Change in net assets	(7,083,722)	21,438,616
Net assets:		
Beginning	154,180,394	132,741,778
Ending	$ 147,096,672	$ 154,180,394

See notes to consolidated financial statements.

The Greater Washington Educational Telecommunications Association, Inc. and Subsidiary

Consolidated Statement of Functional Expenses
Year Ended June 30, 2020
(With Comparative totals for 2019)

	2020										
	Program Services					Supporting Services					
	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 Support Services	Total Expenses	Total Expenses 2019
Compensation of officers and directors	$ 3,754,091	$ 53,040	$ -	$ -	$ 3,807,131	$ -	$ -	$ 1,878,424	$ 1,878,424	$ 5,685,555	$ 4,119,913
Other salaries and wages	17,382,582	2,307,194	1,411,894	2,404,867	23,506,537	2,086,797	1,284,913	3,530,858	6,902,568	30,409,105	28,292,577
Retirement plan contributions	1,422,853	195,890	108,105	182,857	1,909,705	160,655	79,611	344,497	584,763	2,494,468	2,379,094
Other employee benefits	2,196,364	302,382	166,875	282,265	2,947,886	247,992	122,890	531,777	902,659	3,850,545	3,593,265
Payroll taxes	1,320,710	181,827	100,345	169,730	1,772,612	149,122	73,896	319,766	542,784	2,315,396	2,150,474
Accounting fees	-	-	-	-	-	-	-	107,888	107,888	107,888	98,123
Legal fees	-	-	-	-	-	-	-	151,261	151,261	151,261	143,379
Other professional fees	634,255	72,000	1,175	173,641	881,071	506,413	322,394	288,899	1,117,706	1,998,777	1,513,310
Supplies	104,856	5,740	24,592	66,196	201,384	11,020	8,319	232,637	251,976	453,360	374,813
Occupancy	725,213	401,394	196,035	75	1,322,717	2,161	-	1,537,684	1,539,845	2,862,562	2,565,069
Telephone, rent and utilities	126,720	95,739	35,665	6,495	264,619	86,060	1,977	141,681	229,718	494,337	473,443
Postage and shipping	62,200	3,861	148	228,864	295,073	858,226	1,474	12,656	872,356	1,167,429	1,143,483
Equipment rental and maintenance	286,307	128,550	90,279	12,379	517,515	288,714	6,372	284,251	579,337	1,096,852	1,036,489
Printing and publications	47,920	3,261	-	283,419	334,600	589,298	132	123	589,553	924,153	889,893
Travel	1,627,771	20,234	3,907	133,338	1,785,250	27,714	36,475	40,578	104,767	1,890,017	1,933,824
Conferences, conventions and meetings	155,899	3,918	507	60,684	221,008	44,187	320	16,737	61,244	282,252	448,213
Production and acquisition costs	49,051,848	1,677,848	119,401	620,307	51,469,404	130,263	133,892	69,089	333,244	51,802,648	31,770,543
Public Broadcasting Service dues	-	5,662,508	-	-	5,662,508	-	-	-	-	5,662,508	5,574,313
Advertising and promotions	257,930	9,884	-	687,978	955,792	420,100	31,991	-	452,091	1,407,883	1,484,671
Memberships and affiliations	5,345	1,540	30,036	2,928	39,849	20,940	195	139,443	160,578	200,427	215,145
All other expenses	563,867	335,716	109,653	321,121	1,330,357	1,271,139	624,862	1,479,672	3,375,673	4,706,030	4,710,478
Total expenses before other changes	79,726,731	11,462,526	2,398,617	5,637,144	99,225,018	6,900,801	2,729,713	11,107,921	20,738,435	119,963,453	94,910,512
Property tax expense	72,851	-	23,626	-	96,477	-	-	325,897	325,897	422,374	493,616
Interest expense	-	-	-	-	-	-	-	49,529	49,529	49,529	71,831
Depreciation and amortization	1,139,958	139,065	227,409	2,159	1,508,591	26,936	-	629,761	656,697	2,165,288	2,093,644
Grand totals	$ 80,939,540	$ 11,601,591	$ 2,649,652	$ 5,639,303	$ 100,830,086	$ 6,927,737	$ 2,729,713	$ 12,113,108	$ 21,770,558	$ 122,600,644	$ 97,569,603

See notes to consolidated financial statements.

The Greater Washington Educational Telecommunications Association, Inc. and Subsidiary

Consolidated Statement of Functional Expenses
Year Ended June 30, 2019

	Program Services					Supporting Services				
	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 Support Services	Total Expenses
Compensation of officers and directors	$ 2,374,456	$ -	$ -	$ -	$ 2,374,456	$ -	$ -	$ 1,745,457	$ 1,745,457	$ 4,119,913
Other salaries and wages	14,959,248	2,292,655	1,340,795	2,627,395	21,220,093	2,028,771	1,413,430	3,630,283	7,072,484	28,292,577
Retirement plan contributions	1,268,169	197,159	106,134	204,155	1,775,617	160,559	89,106	353,812	603,477	2,379,094
Other employee benefits	1,915,380	297,779	160,299	308,345	2,681,803	242,501	134,581	534,380	911,462	3,593,265
Payroll taxes	1,146,305	178,213	95,935	184,536	1,604,989	145,130	80,543	319,812	545,485	2,150,474
Accounting fees	-	-	-	-	-	-	-	98,123	98,123	98,123
Legal fees	-	-	-	-	-	-	-	143,379	143,379	143,379
Other professional fees	347,741	36,000	25,389	161,686	570,816	393,982	283,143	265,369	942,494	1,513,310
Supplies	109,550	7,343	2,315	58,169	177,377	9,634	15,803	171,999	197,436	374,813
Occupancy	517,401	446,347	146,493	801	1,111,042	11,310	-	1,442,717	1,454,027	2,565,069
Telephone, rent and utilities	116,244	92,102	20,382	5,984	234,712	88,754	3,467	146,510	238,731	473,443
Postage and shipping	27,272	7,432	104	221,365	256,173	874,748	52	12,510	887,310	1,143,483
Equipment rental and maintenance	259,813	141,953	64,796	11,834	478,396	274,995	6,998	276,100	558,093	1,036,489
Printing and publications	25,279	5,567	-	280,754	311,600	575,147	2,078	1,068	578,293	889,893
Travel	1,553,106	17,513	3,500	188,091	1,762,210	37,231	91,861	42,522	171,614	1,933,824
Conferences, conventions and meetings	207,009	11,175	-	147,931	366,115	59,689	7,745	14,664	82,098	448,213
Production and acquisition costs	29,163,448	1,715,079	134,892	360,495	31,373,914	199,716	113,610	83,303	396,629	31,770,543
Public Broadcasting Service dues	-	5,574,313	-	-	5,574,313	-	-	-	-	5,574,313
Advertising and promotions	172,924	24,981	-	475,061	672,966	746,186	60,385	5,134	811,705	1,484,671
Memberships and affiliations	3,645	1,266	46,152	2,513	53,576	20,465	-	141,104	161,569	215,145
All other expenses	916,777	320,281	110,577	94,487	1,442,122	1,277,772	1,144,499	846,085	3,268,356	4,710,478
Total expenses before other changes	55,083,767	11,367,158	2,257,763	5,333,602	74,042,290	7,146,590	3,447,301	10,274,331	20,868,222	94,910,512
Property tax expense	69,905	-	23,475	-	93,380	-	-	400,236	400,236	493,616
Interest expense	-	-	-	-	-	-	-	71,831	71,831	71,831
Depreciation and amortization	1,030,262	154,681	212,339	2,159	1,399,441	29,177	-	665,026	694,203	2,093,644
Grand totals	$ 56,183,934	$ 11,521,839	$ 2,493,577	$ 5,335,761	$ 75,535,111	$ 7,175,767	$ 3,447,301	$ 11,411,424	$ 22,034,492	$ 97,569,603

See notes to consolidated financial statements.

The Greater Washington Educational Telecommunications Association, Inc. and Subsidiary

Consolidated Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	$ (7,083,722)	$ 21,438,616
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,165,288	2,093,644
Unrealized and realized gain on investments	(1,962,294)	(1,293,642)
Change in unamortized discount on grants and contributions receivable	(85,452)	61,306
Change in provision for uncollectible accounts and contributions receivable	(4,180)	135,529
(Gain) loss on disposal of property	(1,500)	22,783
Changes in assets and liabilities:		
(Increase) decrease in:		
Receivables	3,249,424	(5,220,266)
Prepaid expenses and other assets	93,471	(60,264)
Film assets	8,291,788	(12,907,711)
Increase (decrease) in:		
Accounts payable and accrued expenses	(4,798,043)	4,476,921
Refundable advances	11,832,841	-
Deferred revenue	(29,650)	(51,687)
Net cash provided by operating activities	11,667,971	8,695,229
Cash flows from investing activities:		
Purchases of investment securities	(1,382,337)	(1,916,758)
Sales of investment securities	74,917	77,314
Purchases of property and equipment	(1,559,073)	(1,453,066)
Net cash used in investing activities	(2,866,493)	(3,292,510)
Cash flows from financing activities:		
Payments on loan payable	(1,002,263)	(980,002)
Net cash used in financing activities	(1,002,263)	(980,002)
Net increase in cash and cash equivalents	7,799,215	4,422,717
Cash and cash equivalents:		
Beginning	16,548,336	12,125,619
Ending	$ 24,347,551	$ 16,548,336
Supplemental disclosure of cash flow information:		
Interest paid	$ 51,392	$ 73,652

See notes to consolidated financial statements.

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: 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.

NewsHour Productions LLC, a wholly owned 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 (NHP LLC) with WETA as its sole member. WETA and NHP LLC are collectively referred to as the Organization. NHP LLC is consolidated with WETA for financial statement and tax purposes.

The following program and supporting services are included in the consolidated statements of functional expenses.

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 the Organization such as human resources, management information systems, accounting and finance, legal, executive offices and facilities.

A summary of the Organization's significant accounting policies follows:

Principles of consolidation: The consolidated financial statements include the accounts of WETA and NHP LLC, collectively the Organization. Intercompany balances and transactions have been eliminated in consolidation.

Basis of accounting: The consolidated financial statements are presented in accordance with the accrual basis of accounting, whereby revenue is recognized when earned, unconditional support is recognized when received and expenses are recognized when incurred.

Basis of presentation: The consolidated financial statements presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (the Codification). As required by the Not-for-Profit Entities topics of the Codification, balance sheet and income statement, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Financial risk: The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant financial risk on cash.

The Organization invests in a professionally managed portfolio that contains various securities that are exposed to risks, such as interest, market and credit. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near-term could materially affect investment balances and the amounts reported in the consolidated financial statements.

Cash and cash equivalents: The Organization 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.

Receivables: Receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history and current economic conditions. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. The provision for doubtful accounts, based on management's evaluation of collectability, was $260,193 and $264,373 at June 30, 2020 and 2019, respectively.

Investments: Investments in marketable equity securities are carried at fair value. 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, 2020 and 2019.

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: The Organization capitalizes the production cost of television programs. The capitalized costs are direct costs of production and production overhead. The costs are recognized as expense when the program segment is first aired. All film assets are for direct-to-television projects and all capitalized film assets relate to projects which have not aired at June 30, 2020 and 2019. The Organization expects approximately $21,400,000 and $12,200,000 of film assets to be expensed during the years ending June 30, 2021 and 2022, respectively.

Property and equipment: Property and equipment is recorded at cost. Contributed property is recorded at the estimated fair value at the date of contribution. The Organization capitalizes all expenditures for property and equipment over $5,000. 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.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Valuation of long-lived assets: The Organization accounts for the valuation of long-lived assets by reviewing such assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an assets may not be recoverable. Recoverability of the long-lived asset is measured by comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

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

Refundable advances: Represents cash received from grantors for which some or all of the grant conditions were not yet met. Conditions of a grant primarily include completion of project tasks and related expenditures as well as the right of return for funds transferred if all conditions are not met.

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

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions. Revenue is reported as an increase in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. All expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as an increase or decrease in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Net assets with donor restrictions: Net assets subject to donor-imposed restrictions that may or will be met either by the actions of the Organization and/or the passage of time. Releases of restrictions on net assets are reported as releases from net assets with donor restrictions to net assets without donor restrictions when the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed. The Organization considers federal grants to be unconditional and are recorded as net assets with donor restrictions when received. Certain net assets with donor restrictions must be held in perpetuity by the Organization.

Endowment: The Organization’s endowment consists of individual funds established for a variety of purposes that are subject to varying levels of donor-imposed restrictions and funds designated by the Board of Trustees.

The Organization classifies amounts restricted by the donor to be preserved in perpetuity as net assets with donor restrictions. Earnings from all donor-restricted funds are classified as net assets with donor restrictions until such time as they are appropriated for use. Both the principal and earnings of Board-designated funds are classified as net assets without donor restrictions. 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.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Revenue recognition: Effective July 1, 2019, the Organization adopted FASB Accounting Standard Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)* and ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASC 606 replaced existing revenue recognition guidance, including industry specific guidance and requires revenue to be recognized consistent with the consideration the Organization expects to be entitled for services provided.

Television and radio production: The Organization receives contributions and grants from entities to underwrite the cost of some of its programs and productions. Under ASC 958, unconditional grants and contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor-restricted revenue is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a 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.

Under ASC 958, conditional grants and contributions, revenue is recorded only to the extent that qualifying expenditures are made in accordance with the agreements. If advances of funds are received for these agreements, the amount received is initially recorded as refundable advances in the statements of financial position. As qualifying expenses are incurred and the conditions of the grant are met, matching revenue is also recorded in the same amount by reducing refundable advances.

Membership and contributions from individuals: Unconditional contributions, which include unconditional contributions receivable, are recognized as support 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, 2020 and 2019.

Contributed services, materials and equipment: The Organization 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 $43,370 and $99,358 for the years ended June 30, 2020 and 2019, respectively.

Functional allocation of expenses: The costs of providing various program and supporting activities have been summarized on a functional basis in the accompanying consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Overhead costs such as depreciation, benefits, occupancy, telephone, rent and utilities have been allocated based on personnel costs and employee headcount.

Use of estimates: The preparation of the consolidated financial statements in conformity with generally accepted accounting principles (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 and 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 $1,407,880 and $1,484,671 for the years ended June 30, 2020 and 2019, 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. NHP LLC is a single member LLC and is a disregarded entity for federal income tax purposes.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the consolidated financial statements.

Adopted accounting pronouncements: In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The amendments in this ASU create Topic 606, *Revenue from Contracts with Customers*, and supersede the revenue recognition requirements in Topic 605, *Revenue Recognition*, including most industry-specific revenue recognition guidance throughout the Industry Topics of the Codification. In summary, the core principle of Topic 606 is that an entity recognizes 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. The adoption of this ASU did not impact the Organization's consolidated financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies the guidance for evaluating whether a transaction is reciprocal (i.e., an exchange transaction) or nonreciprocal (i.e. a contribution) and for distinguishing between conditional and unconditional contributions. The ASU also clarified the guidance used by entities other than not-for-profits to identify and account for contributions made. Where the Organization is the resource provider, the pronouncement will be effective for the year ending June 30, 2021. For contributions received, the standard was adopted by the Organization for the year ended June 30, 2020, using the modified prospective method.

During the year ended June 30, 2020, the Organization adopted ASU 2018-08. As a result, revenue recognition was changed for agreements entered or amended after July 1, 2019. Previously, management determined whether a grant was conditional based on the likelihood of failing to meet a condition. The Organization considered a grant that was restricted to a specific purpose by the grantor as net assets with donor restrictions. Payments made in advance of the expenses incurred were recorded as revenue when received. Expenses incurred that were more than the cash payments received from the donor resulted in an accounts receivable. With adoption of this updated standard, a grant is considered conditional on the basis of whether an agreement includes a barrier that must be overcome and the barrier is linked to either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The presence of both a barrier and a right of return or a right of release indicates that a recipient is not entitled to the transferred assets or a future transfer of assets until it has overcome the barrier(s) in the agreement. This had a significant effect on the total revenue recognized for the year ended June 30, 2020. Grant revenue that would have previously been considered revenue with donor restrictions and released from restrictions when expenses incurred, now cannot be recorded as revenue until the expenses are incurred.

As a result, payments received in advance are recorded as refundable advances until expenses are incurred. The adoption had a material effect on the consolidated financial statements for the year ended June 30, 2020. A summary of the impact is shown below:

The following table shows the effect of the adoption of ASU 2018-08 on the statement of financial position as of June 30, 2020:

	Pre ASU 2018-08	Adoption of ASU 2018-08	As Reported
Accounts receivable	$ 65,883,101	$ (38,819,966)	$ 27,063,135
Total assets	206,245,343	(38,819,966)	167,425,377
Refundable advances	-	11,832,841	11,832,841
Total liabilities	8,495,864	11,832,841	20,328,705
Total net assets	197,749,479	(50,652,807)	147,096,672

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

The following table shows the effect of the adoption of ASU 2018-08 on the statement of activities as of June 30, 2020:

	Pre ASU 2018-08	Adoption of ASU 2018-08	As Reported
Television production and other restricted contributions	$ 107,806,456	$ (50,652,807)	$ 57,153,649
Total revenue and other support, before other changes	164,695,544	(50,652,807)	44,710,245
Change in net assets	43,569,085	(50,652,807)	(7,083,722)
Total net assets - beginning	154,180,394	-	154,180,394
Total net assets - ending	197,749,479	(50,652,807)	147,096,672

The following table shows the effect of the adoption of ASU 2018-08 on the statement of cash flows for the year ended June 30, 2020:

	Pre ASU 2018-08	Adoption of ASU 2018-08	As Reported
Change in net assets	$ 43,569,085	$ (50,652,807)	$ (7,083,722)
Receivables	(35,570,542)	38,819,966	3,249,424
Refundable advances	-	11,832,841	11,832,841

Pending accounting pronouncements: In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842).* A lessee is required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The standard is effective for the Organization on July 1, 2021, with early adoption permitted.

Reclassifications: Certain items in the June 30, 2019, consolidated financial statements were reclassified to conform to the current year presentation. These items had no impact on net assets or change in net assets.

Subsequent events: The Organization evaluated subsequent events through January 6, 2021, 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.

Note 2. Liquidity

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. As of June 30, 2020 and 2019, the following financial assets are available to meet annual operating costs for the following fiscal year:

	2020	2019
Cash and cash equivalents	$ 24,347,551	$ 16,548,336
Receivables, net	27,063,135	30,222,927
Investments	56,042,210	52,772,496
Total financial assets at year-end	107,452,896	99,543,759
Less amounts not available to be used within one year:		
Board designated funds	(21,759,002)	(18,824,888)
Donor restricted funds, net of film assets	(65,539,495)	(67,670,528)
Financial assets not available to be used for general expenditures	(87,298,497)	(86,495,416)
Financial assets available to meet general expenditures over the next 12 months	$ 20,154,399	$ 13,048,343
Donor restricted funds	$ (111,172,002)	$ (121,594,823)
Film assets	45,632,507	53,924,295
Donor restricted funds, net of film assets	$ (65,539,495)	$ (67,670,528)

The Organization also has a line of credit with $4,000,000 in unused funds available as of June 30, 2020.

Note 3. Receivables

Receivables are comprised of the following amounts at June 30:

	2020	2019
Unconditional grants and contributions, net	$ 19,636,189	$ 24,031,808
Accounts receivable, net	6,157,358	3,674,537
Federal billed and unbilled	1,269,588	2,516,582
Receivables, net	$ 27,063,135	$ 30,222,927

Unconditional contributions that are expected to be received more than one year into the future are discounted using weighted-average risk-free rates of 0.17% and 1.15 % for the years ended June 30, 2020 and 2019, 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, 2020 and 2019, the Organization wrote off $275,842 and $160,348 of receivables, respectively.

Note 3. Receivables (Continued)

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

	2020	2019
Due in less than one year	$ 12,497,549	$ 19,712,800
Due after one year and before five years	7,422,500	4,692,500
Discount of long-term receivables	(23,667)	(109,119)
Allowance for doubtful accounts	(260,193)	(264,373)
Unconditional grants and contributions receivable, net	$ 19,636,189	$ 24,031,808

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

Due to the aforementioned adoption of ASU 2018-08, described in Note 1, the Organization received conditional grants that have not yet been recognized as of the end of the year. Those grants totaled $50,652,807 as of June 30, 2020. The Organization received cash advance payments from the grantor and the specified conditions of the grant were not yet received. As of June 30, 2020, the $11,832,841 of cash advance payments were received, and $38,819,966 of conditional grant payments were not yet received. As such, these amounts are not reported in the accompanying statement of activities. Conditional grants are recognized as revenue when the specific conditions of the grant are met, such as documented expenses. Refundable advances are recorded when a grantor makes a cash advance payment on a conditional grant and the Organization has not yet met the condition.

Note 4. Investments and Fair Value Measurement

The Organization follows the Codification topic, Fair Value Measurement. The topic applies to all assets and liabilities that are being measured and reported on a fair value basis. The topic establishes a framework for measuring fair value in accordance with GAAP and expands disclosure about fair value measurements. The topic enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The topic requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities that are subject to the topic. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. The Organization had no Level 2 or Level 3 investments at June 30, 2020 and 2019.

Note 4. Investments and Fair Value Measurement (Continued)

The tables below present the balances of assets and liabilities at June 30, 2020 and 2019, measured at fair value on a recurring basis by level within the hierarchy:

	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, 2020
Asset category:				
Money market fund:	$ 282,538	$ -	$ -	$ 282,538
Equity mutual and exchange traded funds:				
Large blend	19,844,370	-	-	19,844,370
International growth and value	12,611,670	-	-	12,611,670
Small cap blend	236,832	-	-	236,832
Mid cap blend	137,987	-	-	137,987
Real estate	31,569	-	-	31,569
Emerging markets	48,105	-	-	48,105
	32,910,533	-	-	32,910,533
Fixed income mutual funds:				
Intermediate term	20,240,387	-	-	20,240,387
Short-term	4,250,354	-	-	4,250,354
High yield	28,016	-	-	28,016
Emerging markets	-	-	-	-
	24,518,757	-	-	24,518,757
Total assets at fair value	$ 57,711,828	$ -	$ -	$ 57,711,828
Total investments at fair value				$ 56,042,210
Total deferred compensation assets at fair value				1,669,618
				$ 57,711,828
Liabilities:				
Deferred compensation plan liabilities	$ -	$ 1,669,618	$ -	$ 1,669,618
Total liabilities at fair value	$ -	$ 1,669,618	$ -	$ 1,669,618

Note 4. Investments and Fair Value Measurement (Continued)

	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, 2019
Asset category:				
Money market fund:	$ 276,485	$ -	$ -	$ 276,485
Equity mutual and exchange traded funds:				
Large blend	18,827,646	-	-	18,827,646
International growth and value	12,055,507	-	-	12,055,507
Small cap blend	247,730	-	-	247,730
Mid cap blend	133,808	-	-	133,808
Emerging markets	29,891	-	-	29,891
Real estate	28,453	-	-	28,453
	31,323,035	-	-	31,323,035
Fixed income mutual funds:				
Intermediate term	18,806,487	-	-	18,806,487
Short-term	3,825,446	-	-	3,825,446
High yield	33,949	-	-	33,949
International bond	27,933	-	-	27,933
	22,693,815	-	-	22,693,815
Total assets at fair value	$ 54,293,335	$ -	$ -	$ 54,293,335
Total investments at fair value				$ 52,772,496
Total deferred compensation assets at fair value				1,520,839
				$ 54,293,335
Liabilities:				
Deferred compensation plan liabilities	$ -	$ 1,520,839	$ -	$ 1,520,839
Total liabilities at fair value	$ -	$ 1,520,839	$ -	$ 1,520,839

The money market, mutual and exchange traded funds are considered Level 1 assets as they are actively traded on public exchanges. The limited partnerships are not subject to the hierarchy as they are valued using a practical expedient. The deferred compensation plan liabilities are based on the fair market value of the deferred compensation plan assets, which are observable inputs; however, the liabilities are not publicly traded and are, therefore, considered Level 2 items.

Note 4. Investments and Fair Value Measurement (Continued)

Investment income consists of the following for the years ended June 30, 2020 and 2019:

	2020	2019
Unrealized and realized gain	$ 1,962,294	$ 1,293,642
Interest and dividends	1,338,216	2,073,081
Investment management fees	(49,529)	(48,846)
	$ 3,250,981	$ 3,317,877
Net investment return	$ 1,430,469	$ 1,608,323
Endowment investment return	1,820,512	1,709,554
	$ 3,250,981	$ 3,317,877

Note 5. Property and Equipment

Property and equipment consists of the following at June 30:

	2020	2019
Production and other equipment	$ 32,294,481	$ 31,757,624
Building and improvements	19,618,045	19,605,173
Land	2,255,367	2,255,367
Fixed assets purchased, but not yet placed in service	1,251,488	260,853
	55,419,381	53,879,017
Less accumulated depreciation and amortization	(44,489,951)	(42,344,872)
Property and equipment, net	$ 10,929,430	$ 11,534,145

Depreciation and amortization expense was $2,165,288 and $2,093,644 for the years ended June 30, 2020 and 2019, respectively.

Note 6. Loan Payable

The Organization has a commercial, unsecured loan agreement with Bank of America. The loan agreement has a fixed interest rate of 2.23% per annum.

Interest expense on the loan payable totaled $49,529 and $71,831 for the years ended June 30, 2020 and 2019, respectively.

Scheduled principal payments on the loan payable, by year and in aggregate, are as follows:

Years ending June 30:	
2021	$ 1,025,288
2022	696,491
	$ 1,721,779

Note 6. Loan Payable (Continued)

The loan payable has a restrictive debt covenant under the terms of the loan agreement. At June 30, 2020 and 2019, the Organization was in compliance with all covenants.

Note 7. Line of Credit

The Organization has a revolving line of credit with Bank of America in the amount of $4,000,000 that expires on January 31, 2021. The Organization had no outstanding amounts due under the line of credit at June 30, 2020 and 2019.

Note 8. Retirement Plan

The Organization provides retirement benefits for substantially all of its employees through a 403(b) defined contribution savings plan. The Organization's financial liability under this plan is limited to current contributions. Total employer contributions to the plan were $2,494,468 and $2,379,094 for the years ended June 30, 2020 and 2019, respectively.

Note 9. Deferred Compensation Plan

The Organization has a 457(b) deferred compensation plan (the Plan). The Plan is intended to be a deferred compensation plan for corporate officers of the Organization in accordance with Section 457(b) of the IRC. The recorded asset and liability for the deferred compensation plan was $1,669,618 and $1,520,389 for the years ended June 30, 2020 and 2019, respectively.

Note 10. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes:

	2020	2019
Programmatic and time restrictions:		
National television production	$ 65,148,804	$ 89,326,780
Capital building project	13,103,863	-
Local broadcasting	2,019,413	2,925,307
Learning media projects	132,876	331,712
Total programmatic and time restrictions	80,404,956	92,583,799
Donor-restricted endowment funds:		
The Leonore Annenberg Endowment	8,686,108	8,173,217
Capital Campaign Fund – Program Trust	11,320,509	10,652,066
Eugene B. Casey Endowment	1,950,311	1,835,151
Fisher Endowment	1,392,886	1,371,322
Arts Program Fund	4,139,842	3,895,396
Arts Endowment Fund	3,015,850	2,837,774
Other named endowments	261,541	246,098
Total donor-restricted endowment funds	30,767,046	29,011,024
Net assets with donor restrictions	$ 111,172,002	$ 121,594,823

Note 10. Net Assets With Donor Restrictions (Continued)

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

	2020	2019
Production funding from Public Broadcasting System	$ 9,456,501	$ 23,113,055
Foundations and nonprofit organizations	29,983,929	22,541,400
Corporate underwriting and funding	14,154,781	13,612,891
Community service grants from Corporation for Public Broadcasting	7,683,214	7,364,648
Membership and individuals contributions	4,046,467	1,459,621
Federal, state and local government grants	4,007,600	3,029,577
Total net assets released from restriction	$ 69,332,492	$ 71,121,192

The donor-restricted endowment funds are comprised of the following:

The Leonore Annenberg Endowment: 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, the Organization 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 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. The National Endowment for the Humanities awarded the Organization 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 net assets with donor restrictions, except for $500,000 that is recorded in net assets without donor restrictions 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: The Eugene B. Casey Foundation made a $1,000,000 donor-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: The Robert M. Fisher Memorial Foundation, Inc. established a $1,000,000 program Endowment Fund at the Organization. The Fisher Endowment Fund will be used to acquire, produce and broadcast television and radio programs in the fulfillment of the mission of the Organization. The Organization will use 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. The Organization only used principal amount in the first year of this fund.

Note 10. Net Assets With Donor Restrictions (Continued)

Arts endowment and arts program: The Organization previously received a $600,000 challenge grant from the National Endowment for the Arts (NEA). The Organization 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 restricted to be held in perpetuity under the terms of the original grants, though internal borrowing from the Arts Program Fund principal is permitted. As of June 30, 2020 and 2019, the Organization had not borrowed from the Funds. NEA subsequently informed the Organization that the restriction on the funds had been removed. The Organization then reclassified $2,200,000 of those funds into net assets without donor restrictions. $200,000 of the Arts Program Fund remains in net assets with donor restrictions since the funds were matching funds and have not been released from restriction by the donors.

Other named endowments: During fiscal years 2020 and 2019, the Organization received $0 in endowment contributions.

Note 11. Endowment

The Organization'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 and designations by the Board of Trustees. The Organization follows the Codification subtopic, Reporting Endowment Funds.

Description of donor-restricted and board designated endowment funds: At June 30, 2020 and 2019, the Organization had endowment funds totaling $52,526,048 and $47,835,912, respectively.

The individual endowments funds are comprised of the following:

Donor-restricted fund:

Arts Endowment Fund and Arts Program Fund: To establish an arts endowment fund for the Organization. A significant portion of the funds were released from net assets with donor restrictions in a previous fiscal year in accordance with the donor's instructions. At June 30, 2020 and 2019, $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 the Organization.

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 the Organization.

Strategic Initiatives Fund: To fund new initiatives that are strategically important to the future of the Organization.

Note 11. Endowment (Continued)

The distribution of endowment net assets between donor-restricted and board-designated for the years ending June 30, 2020 and 2019, are as follows:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Program Trust Fund	$ -	$ 11,320,510	$ 11,320,510
Leonore Annenberg Endowment	-	8,686,106	8,686,106
Arts Program Fund	-	4,139,841	4,139,841
Arts Endowment Fund	-	3,015,851	3,015,851
Eugene B. Casey Endowment	-	1,950,311	1,950,311
Fisher Endowment	-	1,392,885	1,392,885
Other named endowments	-	261,542	261,542
Donor-restricted endowment funds	-	30,767,046	30,767,046
WETA Endowment Fund	6,373,168	-	6,373,168
Capital Building Fund	6,009,396	-	6,009,396
Program Investment Fund	4,754,471	-	4,754,471
Strategic Initiative Fund	2,923,635	-	2,923,635
Program Fund for Excellence	1,698,332	-	1,698,332
Board designated funds	21,759,002	-	21,759,002
Total endowment net assets	$ 21,759,002	$ 30,767,046	$ 52,526,048

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Program Trust Fund	$ -	$ 10,652,066	$ 10,652,066
Leonore Annenberg Endowment	-	8,173,217	8,173,217
Arts Endowment Fund	-	3,895,396	3,895,396
Arts Program Fund	-	2,837,774	2,837,774
Eugene B. Casey Endowment	-	1,835,151	1,835,151
Fisher Endowment	-	1,371,322	1,371,322
Other named endowments	-	246,098	246,098
Donor-restricted endowment funds	-	29,011,024	29,011,024
WETA Endowment Fund	6,043,428	-	6,043,428
Capital Building Fund	5,654,559	-	5,654,559
Program Investment Fund	4,473,734	-	4,473,734
Program Fund for Excellence	1,692,146	-	1,692,146
Strategic Initiative Fund	961,021	-	961,021
Board designated funds	18,824,888	-	18,824,888
Total endowment net assets	$ 18,824,888	$ 29,011,024	$ 47,835,912

Note 11. Endowment (Continued)

Funds with deficiencies: The fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. There were no endowment funds with deficiencies for the years ended June 30, 2020 and 2019.

Changes in endowment net assets for the fiscal year ended June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	2020 Total
Endowment net assets, beginning of year	$ 18,824,888	$ 29,011,024	$ 47,835,912
Investment income	423,952	653,352	1,077,304
Investment gains, net	757,356	1,167,160	1,924,516
Contributions and additions	3,052,306	-	3,052,306
Distributions	(1,299,500)	(64,490)	(1,363,990)
Endowment net assets, end of year	$ 21,759,002	$ 30,767,046	$ 52,526,048

Changes in endowment net assets for the fiscal year ended June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	2019 Total
Endowment net assets, beginning of year	$ 16,830,397	$ 27,733,316	$ 44,563,713
Investment income	602,216	992,338	1,594,554
Investment gains, net	435,254	717,216	1,152,470
Contributions and additions	961,021	-	961,021
Distributions	(4,000)	(431,846)	(435,846)
Endowment net assets, end of year	$ 18,824,888	$ 29,011,024	$ 47,835,912

Endowment investing policies: Endowments are aggregated into a single pool along with other investment funds to permit optimal asset allocation. The Organization's primary investment objective is long- term growth to preserve and enhance the inflation-adjusted purchasing power of the total endowment.

The Organization has a well-diversified investment portfolio. The Organization'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 and guidance from the Board of Trustees. The Organization 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, the Organization 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 the Organization's Finance and Budget Committee.

Note 11. Endowment (Continued)

Donor-restricted endowment funds: Donor-restricted endowment funds consist of balances to be held in perpetuity and balances available for distribution. Donor-restricted funds are available for annual use per the stated criteria in the donor agreement. Most of the agreements allow for annual distributions in the amount of 4% to 5% of the prior year's ending balance or of the prior three-year average balance. For any restricted endowments without stated terms, the Organization may annually withdraw up to 5% of the prior year's ending balance. This rate is reviewed periodically by the Organization's Finance and Budget Committee to ensure that it continues to be an appropriate rate to preserve the principal value in perpetuity.

Board designated funds: The entire balance of each board designated fund is available for distribution with proper approval, either from the Board of Trustees or Organization Management, depending on the fund.

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. The Organization'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.

Note 12. Commitments and Contingencies

The Organization 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, the Organization 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:

	Lease Payments	Lease Receipts
Years ending June 30:		
2021	$ 258,860	$ 318,052
2022	264,037	341,426
2023	269,318	63,546
2024	274,704	66,088
2025	280,198	33,692
	$ 1,347,117	$ 822,804

Total lease expense was approximately $425,943 and $433,000 for the years ended June 30, 2020 and 2019, respectively. Total lease income was $657,741 and $624,125 for years ended June 30, 2020 and 2019, respectively.

Note 12. Commitments and Contingencies (Continued)

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 the Organization. The impact on the Organization will depend on how the particular federally-funded programs that benefit the Organization are affected, and how the public broadcasting system overall is affected.

All direct expenses and indirect rates charged under the Organization's government grants are subject to audit by a government agency. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits, since management believes that the Organization is in compliance with all grant restrictions, and the amount of such liabilities, if any, cannot be determined.

The total of direct federal funding and funding from the Corporation for Public Broadcasting, which receives a direct Congressional appropriation, was approximately $29 million and $22 million in fiscal years 2020 and 2019, respectively, which is approximately 23% of total support for fiscal year 2020 and 2019.

From time to time, the Organization may be subject to various legal proceedings, which are incidental to the ordinary course of business. In the opinion of the management of the Organization, there are no material pending legal proceedings against the Organization.

Note 13. Gift Annuity Program

As of June 30, 2020 and 2019, the Organization's obligation for annuity payments totaled $218,510 and $229,040, respectively. This obligation is funded by a gift annuity reserve fund managed by Wells Fargo. As of June 30, 2020 and 2019, the fair market value of assets held within the reserve fund totaled $740,141 and $713,481, respectively. The fair market value of such assets exceeds the obligation for annuity payments by $521,681 and $484,441, respectively.

Note 14. COVID-19

On January 30, 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. COVID-19 and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries. It is unknown how long these conditions will last and what the complete financial effect will be on the Organization. The extent of the impact of COVID-19 on the Organization's operations and financial performance are uncertain and cannot be predicted. While there have been no significant impacts to the finances and operations of the Organization, management is continually monitoring the impact of COVID-19.

The Greater Washington Educational Telecommunications Association, Inc. and Subsidiary

Schedule I – Supplemental Schedules of Support and Gains
Years Ended June 30, 2020 and 2019

	2020	2019
Consolidated schedule of revenues and gains:		
Federal government	**$ 1,540,077**	$ 4,270,358
Corporation for Public Broadcasting – CSGs	**7,937,653**	6,856,433
Corporation for Public Broadcasting – other	**11,999,493**	14,746,837
Public Broadcasting Service	**7,057,846**	6,622,413
Other public broadcasting stations	**5,000**	300,000
State government sources	**69,500**	799,000
Private colleges and universities	**930,000**	75,000
Foundations and nonprofit organizations	**28,429,685**	35,618,469
Business and industry	**18,424,853**	22,063,397
Membership and individuals	**34,732,273**	23,168,121
Investment return	**1,430,469**	1,608,323
Royalties	**221,429**	535,833
Loss on disposal of property and equipment	**1,500**	(22,783)
In-kind contributions	**43,370**	99,358
Endowment investment return	**1,820,512**	1,709,554
Rental income and other	**895,536**	986,918
Total revenues and gains	**$ 115,539,196**	$ 119,437,231
Reported in the consolidated statements of activities as:		
Total revenues and other support without donor restrictions	**$ 124,465,558**	$ 97,300,095
Net assets released from restrictions	**(69,332,492)**	(71,121,192)
Net investment return	**1,430,469**	1,608,323
Gain (loss) on disposal of property and equipment	**1,500**	(22,783)
Endowment investment return	**1,820,512**	1,709,554
Television production and other restricted contributions	**57,153,649**	89,963,234
Total revenues and gains	**$ 115,539,196**	$ 119,437,231

This schedule reconciles the GAAP-basis support reported in audited consolidated financial statements to the total support 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 net assets without donor restrictions and net assets with donor restrictions revenue in the manner required by GAAP accounting.

The Greater Washington Educational Telecommunications Association, Inc. and Subsidiary

Schedule II – Supplemental Statement of Activities by Grantee
Year Ended June 30, 2020

	WETA-TV	WETA-Radio	Total
Changes in net assets without donor restrictions:			
Revenues and other support, including amounts released from restrictions:			
Production funding from public broadcasting system	$ 19,594,112	$ 75,000	$ 19,669,112
Corporate underwriting and funding	5,554,717	460,296	6,015,013
Membership and individual contributions	19,132,439	5,083,113	24,215,552
Foundations and nonprofit organizations	1,692,729	101,325	1,794,054
Federal, state and local government grants	1,584,577	-	1,584,577
Rental income and other	1,171,318	683,440	1,854,758
Net assets released from restrictions			
Production funding from public broadcasting system	9,456,501	-	9,456,501
Foundations and nonprofit organizations	29,970,386	13,543	29,983,929
Corporate underwriting and funding	14,154,781	-	14,154,781
Community service grants from the Corporation for Public Broadcasting	7,335,635	347,579	7,683,214
Membership and individuals contributions	4,046,467	-	4,046,467
Federal, state and local government grants	4,007,600	-	4,007,600
Total net assets released from restrictions	68,971,370	361,122	69,332,492
Total revenues and other support without donor restrictions	117,701,262	6,764,296	124,465,558
Expenses:			
National programming and productions	79,726,731	-	79,726,731
Television broadcast operations	11,462,526	-	11,462,526
Radio broadcast operations	-	2,398,617	2,398,617
Promotion, education and outreach	4,453,344	1,183,800	5,637,144
Fundraising and membership development	5,451,633	1,449,168	6,900,801
Underwriting and grant solicitation	2,156,473	573,240	2,729,713
Management and general	8,775,259	2,332,662	11,107,921
Total expenses	112,025,966	7,937,487	119,963,453
Change in net assets without donor restrictions before other changes	5,675,296	(1,173,191)	4,502,105
Other changes:			
Net investment return	1,130,070	300,399	1,430,469
Gain on disposal of property	1,185	315	1,500
Depreciation and amortization	(1,799,519)	(365,769)	(2,165,288)
Interest expense	(39,128)	(10,401)	(49,529)
Property tax expense	(330,310)	(92,064)	(422,374)
Other non-operating income	33,351	8,865	42,216
Total other changes	(1,004,351)	(158,655)	(1,163,006)
Total change in net assets without donor restrictions	4,670,945	(1,331,846)	3,339,099
Changes in net assets with donor restrictions:			
Television production and other restricted contributions	54,063,590	3,090,059	57,153,649
Endowment investment return	1,438,205	382,307	1,820,512
Endowment distributions	(50,947)	(13,543)	(64,490)
Net assets released from restrictions	(68,971,369)	(361,123)	(69,332,492)
Total change in net assets with donor restrictions	(13,520,521)	3,097,700	(10,422,821)
Change in net assets	$ (8,849,576)	$ 1,765,854	$ (7,083,722)