The Greater Washington Educational Telecommunications Association, Inc. and Subsidiary

Consolidated Financial Report
June 30, 2021

Contents

RSM

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, 2021 and 2020, 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, 2021 and 2020, 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 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
December 21, 2021

The Greater Washington Educational Telecommunications Association, Inc. and Subsidiary

Consolidated Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	**$ 54,191,319**	$ 24,347,551
Receivables, net	**23,660,303**	27,063,135
Investments	**69,656,729**	56,042,210
Deferred compensation investments	**2,336,769**	1,669,618
Prepaid expenses and other assets	**1,559,408**	1,740,926
Film assets	**46,757,844**	45,632,507
Property and equipment, net	**10,306,934**	10,929,430
Total assets	**$ 208,469,306**	$ 167,425,377
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	**$ 6,781,734**	$ 4,806,120
Deferred revenue	**265,169**	298,347
Deferred gain on sale of assets	**6,026,447**	-
Refundable advances	**5,402,451**	11,832,841
Deferred compensation liability	**2,336,769**	1,669,618
Loan payable	**696,491**	1,721,779
Total liabilities	**21,509,061**	20,328,705
Commitments and contingencies (Notes 7 and 12)		
Net assets:		
Without donor restrictions:		
Undesignated	**15,966,455**	14,165,668
Board designated	**30,346,144**	21,759,002
Total net assets without donor restrictions	**46,312,599**	35,924,670
With donor restrictions	**140,647,646**	111,172,002
Total net assets	**186,960,245**	147,096,672
Total liabilities and net assets	**$ 208,469,306**	$ 167,425,377

See notes to consolidated financial statements.

The Greater Washington Educational Telecommunications Association, Inc. and Subsidiary

Consolidated Statements of Activities
Years Ended June 30, 2021 and 2020

	2021	2020
Changes in net assets without donor restrictions:		
Revenues and other support, including amounts released from restrictions:		
Production funding from Public Broadcasting System	**$ 31,460,816**	$ 19,669,112
Corporate underwriting and funding	**7,317,206**	6,015,013
Membership and individual contributions	**25,612,783**	24,215,552
Foundations and nonprofit organization contributions	**2,286,525**	1,794,054
Federal, state and local government grants	**1,868,115**	1,584,577
Rental income and other	**6,433,989**	1,854,758
Net assets released from restrictions:		
Production funding from Public Broadcasting System	**503,462**	9,456,501
Corporate underwriting and funding	**11,015,382**	14,154,781
Membership and individuals contributions	**3,971,025**	4,046,467
Foundations and nonprofit organizations	**21,155,607**	29,983,929
Federal, state and local government grants	**741,411**	4,007,600
Community service grants from the Corporation for Public Broadcasting	**7,986,698**	7,683,214
Rental income and other	**91,667**	-
Total net assets released from restrictions	**45,465,252**	69,332,492
Total revenues and other support without donor restrictions	**120,444,686**	124,465,558
Expenses:		
National programming and productions	**70,559,280**	79,726,731
Television broadcast operations	**13,882,313**	11,462,526
Radio broadcast operations	**2,660,623**	2,398,617
Promotion, education and outreach	**5,708,932**	5,637,144
Fundraising and membership development	**6,838,458**	6,900,801
Underwriting and grant solicitation	**3,094,019**	2,729,713
Management and general	**11,605,683**	11,107,921
Total expenses	**114,349,308**	119,963,453
Change in net assets without donor restrictions before other changes	**6,095,378**	4,502,105
Other changes:		
Net investment return	**5,919,836**	1,430,469
Gain on disposal of property and equipment	**606,776**	1,500
Depreciation and amortization	**(1,730,711)**	(2,165,288)
Interest expense	**(25,167)**	(49,529)
Property tax expense	**(478,183)**	(422,374)
Other nonoperating income	**-**	42,216
Total other changes	**4,292,551**	(1,163,006)
Total change in net assets without donor restrictions	**10,387,929**	3,339,099
Changes in net assets with donor restrictions:		
Television production and other restricted contributions	**67,321,414**	57,153,649
Endowment investment return	**7,519,482**	1,820,512
Endowment distributions	**(530,500)**	(64,490)
Endowment gifts	**100,000**	-
Net assets released from restrictions	**(44,934,752)**	(69,332,492)
Total change in net assets with donor restrictions	**29,475,644**	(10,422,821)
Change in net assets	**39,863,573**	(7,083,722)
Net assets:		
Beginning	**147,096,672**	154,180,394
Ending	**$ 186,960,245**	$ 147,096,672

See notes to consolidated financial statements.

The Greater Washington Educational Telecommunications Association, Inc. and Subsidiary

Consolidated Statement of Functional Expenses
Year Ended June 30, 2021

	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	$ 3,028,045	$ 275,819	$ -	$ -	$ 3,303,864	$ -	$ -	$ 1,602,836	$ 1,602,836	$ 4,906,700
Other salaries and wages	18,631,491	2,350,219	1,645,837	2,726,815	25,354,362	2,109,955	1,184,560	4,388,926	7,683,441	33,037,803
Retirement plan contributions	1,599,218	217,532	134,469	222,013	2,173,232	174,702	79,865	343,691	598,258	2,771,490
Other employee benefits	2,280,924	310,260	191,789	316,652	3,099,625	249,173	113,910	490,197	853,280	3,952,905
Payroll taxes	1,408,971	191,654	118,472	195,602	1,914,699	153,919	70,364	302,804	527,087	2,441,786
Accounting fees	-	-	-	-	-	-	-	112,998	112,998	112,998
Legal fees	5	-	-	900	905	-	-	81,969	81,969	82,874
Other professional fees	533,150	6,000	17,268	20,559	576,977	506,514	256,000	330,057	1,092,571	1,669,548
Supplies	151,921	10,671	15,741	89,773	268,106	10,332	1,256	279,228	290,816	558,922
Occupancy	1,100,395	441,163	186,149	-	1,727,707	1,007	-	1,690,997	1,692,004	3,419,711
Telephone, rent and utilities	174,018	69,747	35,841	9,260	288,866	78,746	-	157,660	236,406	525,272
Postage and shipping	33,388	2,514	328	253,201	289,431	858,772	612	7,137	866,521	1,155,952
Equipment rental and maintenance	311,673	141,739	43,016	13,666	510,094	185,465	5,128	229,106	419,699	929,793
Printing and publications	41,071	-	-	321,122	362,193	438,825	430	172	439,427	801,620
Travel	468,169	1,213	3,142	11,675	484,199	1,573	-	715	2,288	486,487
Conferences, conventions and meetings	27,595	-	-	(1,625)	25,970	3,217	69	3,685	6,971	32,941
Production and acquisition costs	38,953,174	2,651,223	137,662	589,913	42,331,972	109,562	80,685	707,178	897,425	43,229,397
Public Broadcasting Service dues	-	6,753,923	-	-	6,753,923	-	-	-	-	6,753,923
Advertising and promotions	286,941	25,234	-	695,593	1,007,768	440,429	125,607	-	566,036	1,573,804
Memberships and affiliations	5,020	705	11,615	1,845	19,185	26,107	4,158	150,331	180,596	199,781
All other expenses	1,524,111	432,697	119,294	241,968	2,318,070	1,490,160	1,171,375	725,996	3,387,531	5,705,601
Total expenses before other changes	70,559,280	13,882,313	2,660,623	5,708,932	92,811,148	6,838,458	3,094,019	11,605,683	21,538,160	114,349,308
Property tax expense	108,255	-	23,636	(22)	131,869	-	-	346,314	346,314	478,183
Interest expense	-	-	-	-	-	-	-	25,167	25,167	25,167
Depreciation and amortization	735,873	146,635	223,460	1,667	1,107,635	24,722	-	598,354	623,076	1,730,711
Grand totals	$ 71,403,408	$ 14,028,948	$ 2,907,719	$ 5,710,577	$ 94,050,652	$ 6,863,180	$ 3,094,019	$ 12,575,518	$ 22,532,717	$ 116,583,369

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

	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	$ 3,754,091	$ 53,040	$ -	$ -	$ 3,807,131	$ -	$ -	$ 1,878,424	$ 1,878,424	$ 5,685,555
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
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
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
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
Accounting fees	-	-	-	-	-	-	-	107,888	107,888	107,888
Legal fees	-	-	-	-	-	-	-	151,261	151,261	151,261
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
Supplies	104,856	5,740	24,592	66,196	201,384	11,020	8,319	232,637	251,976	453,360
Occupancy	725,213	401,394	196,035	75	1,322,717	2,161	-	1,537,684	1,539,845	2,862,562
Telephone, rent and utilities	126,720	95,739	35,665	6,495	264,619	86,060	1,977	141,681	229,718	494,337
Postage and shipping	62,200	3,861	148	228,864	295,073	858,226	1,474	12,656	872,356	1,167,429
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
Printing and publications	47,920	3,261	-	283,419	334,600	589,298	132	123	589,553	924,153
Travel	1,627,771	20,234	3,907	133,338	1,785,250	27,714	36,475	40,578	104,767	1,890,017
Conferences, conventions and meetings	155,899	3,918	507	60,684	221,008	44,187	320	16,737	61,244	282,252
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
Public Broadcasting Service dues	-	5,662,508	-	-	5,662,508	-	-	-	-	5,662,508
Advertising and promotions	257,930	9,884	-	687,978	955,792	420,100	31,991	-	452,091	1,407,883
Memberships and affiliations	5,345	1,540	30,036	2,928	39,849	20,940	195	139,443	160,578	200,427
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
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
Property tax expense	72,851	-	23,626	-	96,477	-	-	325,897	325,897	422,374
Interest expense	-	-	-	-	-	-	-	49,529	49,529	49,529
Depreciation and amortization	1,139,958	139,065	227,409	2,159	1,508,591	26,936	-	629,761	656,697	2,165,288
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

See notes to consolidated financial statements.

The Greater Washington Educational Telecommunications Association, Inc. and Subsidiary

Consolidated Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	**$ 39,863,573**	$ (7,083,722)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**1,730,711**	2,165,288
Unrealized and realized gain on investments	**(12,378,388)**	(1,962,294)
Change in unamortized discount on grants and contributions receivable	**44,997**	(85,452)
Change in provision for uncollectible accounts and contributions receivable	**(129,737)**	(4,180)
Loss (gain) on disposal of property	**187,250**	(1,500)
Amortization of gain on sale of production center	**(606,776)**	-
Changes in assets and liabilities:		
Decrease (increase) in:		
Receivables	**3,487,572**	3,249,424
Prepaid expenses and other assets	**181,518**	93,471
Film assets	**(1,125,337)**	8,291,788
Increase (decrease) in:		
Accounts payable and accrued expenses	**1,975,614**	(4,798,043)
Refundable advances	**(6,430,390)**	11,832,841
Deferred revenue	**(33,178)**	(29,650)
Net cash provided by operating activities	**26,767,429**	**11,667,971**
Cash flows from investing activities:		
Purchases of investment securities	**(1,783,216)**	(1,382,337)
Sales of investment securities	**547,085**	74,917
Cash proceeds from sale of production center	**7,812,750**	-
Purchases of property and equipment	**(2,474,992)**	(1,559,073)
Net cash provided by (used in) investing activities	**4,101,627**	(2,866,493)
Cash flows from financing activities:		
Payments on loan payable	**(1,025,288)**	(1,002,263)
Net cash used in financing activities	**(1,025,288)**	(1,002,263)
Net increase in cash and cash equivalents	**29,843,768**	7,799,215
Cash and cash equivalents:		
Beginning	**24,347,551**	16,548,336
Ending	**$ 54,191,319**	$ 24,347,551
Supplemental disclosure of cash flow information:		
Interest paid	**$ 28,366**	$ 51,392

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 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 $130,456 and $260,193 at June 30, 2021 and 2020, respectively.

Investments: Investments in marketable equity securities and all debt securities are carried at fair value. 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, 2021 and 2020. The Organization expects approximately $24,800,000 and $6,600,000 of film assets to be expensed during the years ending June 30, 2022 and 2023, 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.

Deferred gain on sale of assets: Deferred gain on sale of assets represents the unamortized portion of the Organization's gain from a sale of assets due to the Organization entering into a leaseback transaction at the time of the sale.

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.

Conditional awards as a resource provider: The Organization records awards issued as conditional when there is a barrier and a right of release or return. The Organization records the expense as barriers are substantially 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. 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: The Organization's revenue streams from contracts with customers are composed of certain production funding, certain corporate underwriting, rental income, royalty revenue, ancillary, and other revenue. The Organization earned approximately $27,000,000 and $8,500,000 in production funding from contracts with customers during the years ended June 30, 2021 and 2020. The Organization earned approximately $5,000,000 and $5,100,000 in corporate underwriting from contracts with customers during the years ended June 30, 2021 and 2020. The Organization's revenue is recognized when a given performance obligation is satisfied, either over a period of time or at a point in time. The Organization's revenue under contract with customers is earned in the United States and the majority of customers are corporate partners and supporters of the Organization.

Production funding and corporate underwriting from contracts with customers are recognized at the time the related production airs. Rental income is recognized over the lease period as the rental services are provided. Royalty includes copyright administration provided to member stations and is recognized ratably over the contract period. Ancillary and other revenue are earned and recognized when the goods and services are rendered. Rental, royalty, ancillary and other revenues are presented as rental income and other on the accompanying consolidated statements of activities.

The Organization's revenue from contracts with customers are generally for one year or less. The contracts do not include significant financing components and do not have variable considerations. The Organization did not have any impairment or credit losses on any receivables or contract assets arising from contracts with customers. The primary factor affecting future revenue and cash inflows is corporate advertising. Management does not believe there is a material risk of loss for future revenue and cash inflows related to corporate advertising.

Grants and contributions: The Organization receives contributions and grants from entities to underwrite the cost of some of its programs and productions. Unconditional grants and contributions are recognized when received and 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. 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 consolidated statements of activities as net assets released from restrictions.

Conditional grant and contribution revenue is recorded only to the extent that barriers, such as qualifying expenditures, have been substantially satisfied, in accordance with the agreements. Conditional grant and contribution revenue where donor restrictions are satisfied as barriers are substantially met are recorded with net assets without donor restrictions. If advances of funds are received for these agreements, the amount received is initially recorded as refundable advances in the consolidated statements of financial position. As qualifying expenses are incurred and the barriers are met, revenue is also recorded in the same amount by reducing refundable advances.

Membership and contributions from individuals are 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 revenue until the barriers are substantially met.

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

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 $708,333 and $43,370 for the years ended June 30, 2021 and 2020, 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 and functional expenses. 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 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts 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 $1,573,804 and $1,407,883 for the years ended June 30, 2021 and 2020, 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.

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.

Pending accounting pronouncements: In February 2016, the FASB issued Accounting Standards Updated (ASU) 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities. The ASU is effective for annual reporting periods beginning after December 15, 2021. The Organization is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

On September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments in this ASU make improvements to the information provided in financial statements and accompanying notes of not-for-profit entities with contributed nonfinancial assets, or gifts-in-kind. The amendments in this ASU should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The Organization is currently evaluating the impact of the pending adoption of this new standard on its consolidated financial statements.

Subsequent events: The Organization evaluated subsequent events through December 21, 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, 2021 and 2020, financial assets available to meet general expenditures over the next 12 months consist of the following:

	2021	2020
Cash and cash equivalents	$ 54,191,319	$ 24,347,551
Receivables, net	23,660,303	27,063,135
Investments	69,656,729	56,042,210
Total financial assets at year-end	147,508,351	107,452,896
Less amounts not available to be used within one year:		
Board designated funds	(30,346,144)	(21,759,002)
Donor restricted funds, net of film assets	(93,889,802)	(65,539,495)
Financial assets not available to be used for general expenditures	(124,235,946)	(87,298,497)
Financial assets available to meet general expenditures over the next 12 months	$ 23,272,405	$ 20,154,399
Donor restricted funds	$ (140,647,646)	$ (111,172,002)
Film assets	46,757,844	45,632,507
Donor restricted funds, net of film assets	$ (93,889,802)	$ (65,539,495)

The Organization also has a line of credit with $4,000,000 in unused funds available as of June 30, 2021.

Note 3. Receivables

Receivables are comprised of the following amounts at June 30, 2021 and 2020:

	2021	2020
Unconditional grants and contributions, net	$ 21,106,972	$ 19,636,189
Accounts receivable	1,768,767	6,157,358
Federal billed and unbilled	784,564	1,269,588
Receivables, net	$ 23,660,303	$ 27,063,135

Note 3. Receivables (Continued)

Unconditional contributions that are expected to be received more than one year into the future are discounted using weighted-average risk-free rates of 0.55% and 0.17% for the years ended June 30, 2021 and 2020, 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, 2021 and 2020, the Organization wrote off $176,084 and $275,842 of receivables, respectively.

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

	2021	2020
Due in less than one year	$ 14,013,494	$ 12,497,549
Due after one year and before five years	7,292,598	7,422,500
Discount of long-term receivables	(68,664)	(23,667)
Allowance for doubtful accounts	(130,456)	(260,193)
Unconditional grants and contributions receivable, net	$ 21,106,972	$ 19,636,189

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

Conditional grants are recognized as revenue when the specific barriers detailed in the grant, such as incurring allowable expenses, are substantially met. At June 30, 2021, the Organization had approximately $17,000,000 of outstanding conditional contributions not reported in the accompanying financial statements. Refundable advances are recorded when a grantor makes a cash advance payment on a conditional grant and the Organization has not yet met the stipulated barriers and are presented on the accompanying statements of financial position.

The Organization receives support in the form of contributions from its Board members in the ordinary course of business.

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.

Note 4. Investments and Fair Value Measurement (Continued)

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, 2021 and 2020.

The tables below present the balances of assets and liabilities at June 30, 2021 and 2020, 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, 2021
Asset category:				
Money market fund:	$ 282,451	$ -	$ -	$ 282,451
Equity mutual and exchange traded funds:				
Large blend	27,092,929	-	-	27,092,929
International growth and value	16,069,340	-	-	16,069,340
Small cap blend	47,924	-	-	47,924
Mid cap blend	202,121	-	-	202,121
Emerging markets	58,851	-	-	58,851
Real estate	40,920	-	-	40,920
	43,512,085	-	-	43,512,085
Fixed income mutual funds:				
Intermediate term	23,216,379	-	-	23,216,379
Short-term	4,951,803	-	-	4,951,803
High yield	30,780	-	-	30,780
	28,198,962	-	-	28,198,962
Total assets at fair value	$ 71,993,498	$ -	$ -	$ 71,993,498
Total investments at fair value				$ 69,656,729
Total deferred compensation investments at fair value				2,336,769
				$ 71,993,498
Liabilities:				
Deferred compensation plan liabilities	$ -	$ 2,336,769	$ -	$ 2,336,769
Total liabilities at fair value	$ -	$ 2,336,769	$ -	$ 2,336,769

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, 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
	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 investments 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

The money market, mutual and exchange traded funds are considered Level 1 assets as they are actively traded on public exchanges. The deferred compensation plan liabilities are based on the fair 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, net of management fees consists of the following for the years ended June 30, 2021 and 2020:

	2021	2020
Unrealized and realized gain	$ 12,378,388	$ 1,962,294
Interest and dividends	1,116,066	1,338,216
Investment management fees	(55,136)	(49,529)
	$ 13,439,318	$ 3,250,981
Net investment return	$ 5,919,836	$ 1,430,469
Endowment investment return	7,519,482	1,820,512
	$ 13,439,318	$ 3,250,981

Note 5. Property and Equipment

Property and equipment consists of the following at June 30, 2021 and 2020:

	2021	2020
Production and other equipment	$ 33,162,126	$ 32,294,481
Building and improvements	16,427,775	19,618,045
Land	1,773,006	2,255,367
Fixed assets purchased, but not yet placed in service	2,737,298	1,251,488
	54,100,205	55,419,381
Less accumulated depreciation and amortization	(43,793,271)	(44,489,951)
Property and equipment, net	$ 10,306,934	$ 10,929,430

Depreciation and amortization expense was $1,730,711 and $2,165,288 for the years ended June 30, 2021 and 2020, respectively.

In January 2021, the Organization sold the production center building for $8,000,000. The sale included a leaseback agreement for five years at a rate less than fair value. The gain on the sale of $6,634,621 will be amortized over the life of the leaseback agreement. At June 30, 2021, the Organization recorded deferred revenue - gain from sale of production center of $6,026,447 and recognized $608,174 of related amortized gain. The Organization recorded a promise to give of $800,000 for the donated rent below fair value and recognized in-kind rent expense of $91,667 in the accompanying financial statements.

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 $25,167 and $49,529 for the years ended June 30, 2021 and 2020, respectively.

Scheduled principal payments on the loan payable totaling is $696,491 are due for the year ending June 30, 2022.

The loan payable has a restrictive debt covenant under the terms of the loan agreement.

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, 2021 and 2020.

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 $2,771,490 and $2,494,468 for the years ended June 30, 2021 and 2020, 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 $2,336,769 and $1,669,618 for the years ended June 30, 2021 and 2020, respectively.

Note 10. Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2021 and 2020, are available for the following purposes:

	2021	2020
Programmatic and time restrictions:		
National television production	$ 72,628,085	$ 65,148,804
Capital building project	25,431,986	13,103,863
Local broadcasting	3,786,135	2,019,413
Learning media projects	945,412	132,876
Total programmatic and time restrictions	102,791,618	80,404,956
Donor-restricted endowment funds:		
The Leonore Annenberg Endowment	10,808,997	8,686,108
Capital Campaign Fund – Program Trust	13,629,774	11,320,509
Eugene B. Casey Endowment	2,426,968	1,950,311
Fisher Endowment	1,660,281	1,392,886
Arts Program Fund	5,151,621	4,139,842
Arts Endowment Fund	3,752,925	3,015,850
John and Martha Giovanelli Endowed Fund of Science and Education	100,000	-
Other named endowments	325,462	261,541
Total donor-restricted endowment funds	37,856,028	30,767,046
Net assets with donor restrictions	$ 140,647,646	$ 111,172,002

During the years ended June 30, 2021 and 2020, the Organization released $45,465,252 and $69,332,492 from donor restricted net assets.

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 fair 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.

Note 10. Net Assets With Donor Restrictions (Continued)

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.

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.

John and Martha Giovanelli Endowed Fund for Science and Education: The Organization received $100,000 in endowment contributions from a donor in December 2020. The purpose of this fund is to provide general operating support for WETA Television in support of science and education programming. The income earned from the fund will be made available annually to the Organization to support general operations.

Other named endowments: During fiscal years 2021 and 2020, the Organization received no other 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.

Interpretation of the relevant law: The Board of Trustees has interpreted the enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as donor restricted permanent endowment net assets: (a) the original value of gifts donated to the donor restricted permanent endowment, (b) the original value of subsequent gifts to the donor restricted permanent endowment and (c) the accumulations to the donor restricted permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is classified as donor restricted net assets, until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The purposes of the Organization’s endowment fund

Note 11. Endowment (Continued)

- The duration and preservation of the funds
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other available financial resources
- Investment policies

At June 30, 2021 and 2020, the Organization had endowment funds totaling $68,202,172 and $52,526,048, respectively.

Donor restricted endowment funds are described in Note 10.

Board designated funds are described below:

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 Funds: To fund new initiatives that are strategically important to the future of the Organization.

WETA Capital Campaign: Building the Future Fund: To be used to fund the renovation of headquarters in order to consolidate the production center with studios, staff and operations. The expansion will give the Organization the opportunity to modernize production studios, improve building efficiency, add community space for hosting workshops, town hall forums, educational activities, and professional development.

Note 11. Endowment (Continued)

The distribution of endowment net assets between donor-restricted and board-designated for the years ending June 30, 2021 and 2020, are as follows:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Program Trust Fund	$ -	$ 13,629,775	$ 13,629,775
Leonore Annenberg Endowment	-	10,808,995	10,808,995
Arts Program Fund	-	5,151,621	5,151,621
Arts Endowment Fund	-	3,752,926	3,752,926
Eugene B. Casey Endowment	-	2,426,968	2,426,968
Fisher Endowment	-	1,660,280	1,660,280
John and Martha Giovanelli Endowed Fund of Science and Education	-	100,000	100,000
Other named endowments	-	325,463	325,463
Donor-restricted endowment funds	-	37,856,028	37,856,028
WETA Endowment Fund	7,886,774	-	7,886,774
Capital Building Fund	7,478,096	-	7,478,096
Program Investment Fund	5,916,467	-	5,916,467
WETA Strategic Initiative Fund	3,774,832	-	3,774,832
NHP Strategic Initiative Fund	2,500,000	-	2,500,000
Program Fund for Excellence	2,110,962	-	2,110,962
WETA Capital Campaign: Building the Future Fund	679,013	-	679,013
Board designated funds	30,346,144	-	30,346,144
Total endowment net assets	$ 30,346,144	$ 37,856,028	$ 68,202,172

	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

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, 2021 and 2020.

Note 11. Endowment (Continued)

Changes in endowment net assets for the fiscal year ended June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 21,759,002	$ 30,767,046	$ 52,526,048
Investment income	413,370	585,192	998,562
Investment gains, net	4,901,800	6,934,290	11,836,090
Contributions and additions	3,465,972	100,000	3,565,972
Distributions	(194,000)	(530,500)	(724,500)
Endowment net assets, end of year	$ 30,346,144	$ 37,856,028	$ 68,202,172

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

	Without Donor Restrictions	With Donor Restrictions	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

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 2035. 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 2025.

Minimum future lease payments and receipts at June 30, 2021 are as follows:

	Lease Payments	Lease Receipts
Years ending June 30:		
2022	$ 264,037	$ 526,402
2023	269,318	87,817
2024	274,704	66,088
2025	280,198	33,692
2026	285,801	-
Thereafter	2,771,597	-
	$ 4,145,655	$ 713,999

Total lease expense was approximately $292,134 and $425,943 for the years ended June 30, 2021 and 2020, respectively. Total lease income was $721,400 and $657,741 for years ended June 30, 2021 and 2020, 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 $27 million and $29 million in fiscal years 2021 and 2020, respectively, which is approximately 22% and 23%, respectively, of total support for fiscal year 2021 and 2020.

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.

At June 30, 2021, the Organization has signed contracts for future construction projects associated with the renovation of headquarters for the consolidation of the production center with studios, staff, and operations.

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, 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.

Note 13. Gift Annuity Program

As of June 30, 2021 and 2020, the Organization’s obligation for annuity payments totaled $218,220 and $218,510, respectively. This obligation is funded by a gift annuity reserve fund managed by Wells Fargo. As of June 30, 2021 and 2020, the fair value of assets held within the reserve fund totaled $908,466 and $740,141, respectively. The fair value of such assets exceeds the obligation for annuity payments by $690,246 and $521,681, respectively.

Note 14. Conditional Awards as a Resource Provider

At June 30, 2021, the Organization had approximately $896,000 of conditional awards outstanding that will be recognized as expenses as the barriers are substantially met.

The Greater Washington Educational Telecommunications Association, Inc. and Subsidiary

Schedule I – Supplemental Statement of Activities by Grantee
Year Ended June 30, 2021

	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	$ 31,460,816	$ -	$ 31,460,816
Corporate underwriting and funding	7,066,858	250,348	7,317,206
Membership and individual contributions	20,237,054	5,375,729	25,612,783
Foundations and nonprofit organizations	2,167,455	119,070	2,286,525
Federal, state and local government grants	1,868,115	-	1,868,115
Rental income and other	5,681,565	752,424	6,433,989
Net assets released from restrictions			
Production funding from public broadcasting system	503,462	-	503,462
Foundations and nonprofit organizations	21,119,271	36,336	21,155,607
Corporate underwriting and funding	11,015,382	-	11,015,382
Community service grants from the Corporation for Public Broadcasting	7,659,426	327,272	7,986,698
Membership and individuals contributions	3,971,025	-	3,971,025
Federal, state and local government grants	741,411	-	741,411
Rental income and other	91,667	-	91,667
Total net assets released from restrictions	45,101,644	363,608	45,465,252
Total revenues and other support without donor restrictions	113,583,507	6,861,179	120,444,686
Expenses:			
National programming and productions	70,559,280	-	70,559,280
Television broadcast operations	13,882,313	-	13,882,313
Radio broadcast operations	-	2,660,623	2,660,623
Promotion, education and outreach	4,510,056	1,198,876	5,708,932
Fundraising and membership development	5,402,382	1,436,076	6,838,458
Underwriting and grant solicitation	2,444,275	649,744	3,094,019
Management and general	9,168,490	2,437,193	11,605,683
Total expenses	105,966,796	8,382,512	114,349,308
Change in net assets without donor restrictions before before other changes	7,616,711	(1,521,333)	6,095,378
Other changes:			
Net investment return	4,676,670	1,243,166	5,919,836
Gain on disposal of property	607,071	(295)	606,776
Depreciation and amortization	(1,367,261)	(363,450)	(1,730,711)
Interest expense	(19,882)	(5,285)	(25,167)
Property tax expense	(377,765)	(100,418)	(478,183)
Total other changes	3,518,833	773,718	4,292,551
Total change in net assets without donor restrictions	11,135,544	(747,615)	10,387,929
Changes in net assets with donor restrictions:			
Television production and other restricted contributions	63,977,393	3,344,021	67,321,414
Endowment investment return	6,036,460	1,483,022	7,519,482
Endowment distributions	(515,164)	(15,336)	(530,500)
Endowment gifts	79,000	21,000	100,000
Net assets released from restrictions	(44,586,470)	(348,282)	(44,934,752)
Total change in net assets with donor restrictions	24,991,219	4,484,425	29,475,644
Change in net assets	$ 36,126,763	$ 3,736,810	$ 39,863,573