WITF, Inc. and Subsidiary

Financial Statements

and Supplementary Information

June 30, 2012 and 2011

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Contents

REINSEL KUNTZ LESHER
certified public accountants & consultants

Independent Auditors' Report on the Financial Statements

To the Board of Directors
WITF, Inc.
Harrisburg, Pennsylvania

We have audited the accompanying consolidated statements of financial position of WITF, Inc. and Subsidiary (collectively, Organizations) as of June 30, 2012, and the related consolidated statements of activities, changes in net assets, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organizations' management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The consolidated financial statements of the Organizations for the year ended June 30, 2011 were audited by other auditors whose report, dated September 12, 2011, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the 2012 consolidated financial statements referred to above present fairly, in all material respects, the financial position of WITF, Inc. and Subsidiary as of June 30, 2012, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Reinsel Kuntz Lesher LLP

October 11, 2012

WITF, Inc. and Subsidiary

Consolidated Statements of Financial Position

	JUNE 30, 2012	JUNE 30, 2011
Assets		
Current Assets		
Cash and cash equivalents	**$ 1,228,952**	$ 1,236,540
Accounts receivable, net	**1,017,661**	1,234,338
Contracts receivable	**378,527**	351,048
Accrued interest receivable	**2**	6
Inventory and prepaid expenses	**485,704**	556,568
Broadcast rights	**8,126**	116,969
Promises to give, net	**1,004,944**	1,126,144
Investments	**11,342,132**	14,060,937
Total Current Assets	**15,466,048**	18,682,550
Property and Equipment, Net	**23,325,114**	23,308,507
Other Assets		
Station license	**910,000**	910,000
Investments	**474,744**	492,580
Deferred income taxes	**360,000**	329,000
Loan closing costs, net	**165,683**	173,933
Promises to give, net	**125,563**	50,795
Interest in net assets of a community foundation	**63,426**	61,796
Total Other Assets	**2,099,416**	2,018,104
Total Assets	**$ 40,890,578**	$ 44,009,161

See accompanying notes.

	JUNE 30, **2012**	2011
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	**$ 575,000**	$ 550,000
Current portion of obligations under capital leases	**10,013**	9,466
Accounts payable	**717,327**	610,984
Accrued payroll and vacation	**383,212**	369,657
Accrued and withheld payroll taxes	**47,198**	37,050
Deferred revenue	**1,518,609**	1,868,707
Accrued interest payable	**71,338**	74,288
Broadcast rights	**3,144**	-
Total Current Liabilities	**3,325,841**	3,520,152
Other Liabilities		
Long-term debt	**17,408,333**	17,983,333
Deferred revenue	**4,538,434**	5,066,843
Interest rate swap liability	**2,868,552**	1,713,201
Accrued pension liability	**1,844,931**	564,229
Charitable gift annuity obligation	**156,304**	139,748
Obligations under capital leases	**15,805**	25,817
Total Other Liabilities	**26,832,359**	25,493,171
Total Liabilities	**30,158,200**	29,013,323
Net Assets		
Unrestricted	**9,028,636**	13,291,191
Temporarily restricted	**1,472,924**	1,468,452
Permanently restricted	**230,818**	236,195
Total Restricted Net Assets	**1,703,742**	1,704,647
Total Net Assets	**10,732,378**	14,995,838
Total Liabilities and Net Assets	**$ 40,890,578**	$ 44,009,161

WITF, Inc. and Subsidiary

Consolidated Statements of Activities

	YEAR ENDED JUNE 30, 2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue:				
Fees and rentals	$ 6,826,283	$ -	$ -	$ 6,826,283
Contributions	4,313,725	235,000	10,000	4,558,725
Program underwriting	-	1,590,219	-	1,590,219
Interest income	378,576	-	-	378,576
Net assets released from restrictions	1,820,747	(1,820,747)	-	-
Loss on sale of property and equipment	(31,590)	-	-	(31,590)
Gain (loss) on sale of investments	(208,668)	-	-	(208,668)
Total Revenue	13,099,073	4,472	10,000	13,113,545
Expenses:				
Broadcasting	6,160,462	-	-	6,160,462
Programming and production	4,581,735	-	-	4,581,735
Fundraising	1,817,917	-	-	1,817,917
Management and general	1,116,621	-	-	1,116,621
Telecommunications	592,965	-	-	592,965
Income taxes	105,000	-	-	105,000
Program information	102,922	-	-	102,922
Total Expenses	14,477,622	-	-	14,477,622
Excess (Deficiency) of Revenue Over Expenses	(1,378,549)	4,472	10,000	(1,364,077)
Change in Interest in Net Assets of a Community Foundation	1,630	-	-	1,630
Unrealized Holding Gains (Losses) on Investments	(420,881)	-	(15,377)	(436,258)
Change in Fair Value of Interest Rate Swap	(1,155,351)	-	-	(1,155,351)
Change in Charitable Gift Annuity Obligation	(29,081)	-	-	(29,081)
Gain (Loss) on Items Not Yet Recognized as a Component of Net Periodic Pension Cost	(1,280,323)	-	-	(1,280,323)
Changes in Net Assets	$ (4,262,555)	$ 4,472	$ (5,377)	$ (4,263,460)

See accompanying notes.

YEAR ENDED JUNE 30, 2011			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
$ 5,959,360	$ -	$ -	$ 5,959,360
4,584,026	447,750	125,000	5,156,776
-	1,689,265	-	1,689,265
405,699	-	-	405,699
2,038,516	(2,038,516)	-	-
(1,554)	-	-	(1,554)
365,401	-	-	365,401
13,351,448	98,499	125,000	13,574,947
5,105,843	-	-	5,105,843
4,564,950	-	-	4,564,950
1,971,452	-	-	1,971,452
1,196,415	-	-	1,196,415
594,723	-	-	594,723
(54,000)	-	-	(54,000)
1,424,600	-	-	1,424,600
14,803,983	-	-	14,803,983
(1,452,535)	98,499	125,000	(1,229,036)
1,615	-	-	1,615
1,590,264	-	13,835	1,604,099
272,976	-	-	272,976
(7,180)	-	-	(7,180)
284,008	-	-	284,008
$ 689,148	$ 98,499	$ 138,835	$ 926,482

WITF, Inc. and Subsidiary

Consolidated Statements of Changes in Net Assets

Year Ended June 30, 2012 and 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net Assets, June 30, 2010	$ 12,602,043	$ 1,369,953	$ 97,360	$ 14,069,356
Changes in net assets	689,148	98,499	138,835	926,482
Net Assets, June 30, 2011	13,291,191	1,468,452	236,195	14,995,838
Changes in net assets	**(4,262,555)**	**4,472**	**(5,377)**	**(4,263,460)**
Net Assets, June 30, 2012	**$ 9,028,636**	**$ 1,472,924**	**$ 230,818**	**$ 10,732,378**

See accompanying notes.

WITF, Inc. and Subsidiary

Consolidated Statements of Cash Flows

	YEAR ENDED JUNE 30, 2012	2011
Cash flows from operating activities:		
Changes in net assets	**$ (4,263,460)**	$ 926,482.00
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	**1,720,690**	1,645,182
Amortization of broadcast rights	**1,404,167**	1,448,635
Amortization of loan closing costs	**8,250**	8,250
Barter revenue	**(133,847)**	(217,810)
Barter expense	**137,338**	165,449
In-kind contributions - donated securities	**(39,531)**	-
(Gain) loss on items not yet recognized as a component of net periodic pension cost	**1,280,702**	(339,128)
Provision for uncollectible accounts and bad debts	**178,383**	79,443
Change in unamortized discount	**(1,220)**	(18,884)
(Gain) loss on sale of investments	**208,668**	(365,401)
Unrealized holding (gains) losses on investments	**436,258**	(1,604,099)
Permanently restricted contributions - Endowment	**(10,000)**	(125,000)
Loss on sale of property and equipment	**31,590**	1,554
Change in interest in net assets of a community foundation	**(1,630)**	(1,615)
Change in deferred income taxes	**(31,000)**	(58,000)
Change in interest rate swap liability	**1,155,351**	(272,976)
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	**105,976**	(224,927)
Contracts receivable	**(27,479)**	(11,117)
Promises to give	**(84,098)**	(356,981)
Accrued interest receivable	**4**	149
Inventory and prepaid expenses	**24,368**	154,533
Increase (decrease) in liabilities:		
Accounts payable	**94,666**	99,044
Accrued payroll and vacation	**13,555**	61,554
Accrued and withheld payroll taxes	**10,148**	3,254
Deferred revenue	**(835,502)**	(472,717)
Accrued interest payable	**(2,950)**	(1,893)
Charitable gift annuity obligation	**16,556**	6,007
Total adjustments	**5,659,413**	(397,494)
Net Cash Provided by Operating Activities	**1,395,953**	528,988

See accompanying notes.

WITF, Inc. and Subsidiary

Consolidated Statements of Cash Flows (continued)

	YEAR ENDED JUNE 30, 2012	2011
Cash flows from investing activities:		
Capital expenditures	**(1,757,210)**	(157,174)
Purchase of broadcast rights	**(1,292,180)**	(1,471,874)
Purchase of investments	**(692,776)**	(576,108)
Proceeds from sale of investments	**2,831,887**	1,684,444
Purchase of interest in net assets of a community foundation	**-**	(50,000)
Net Cash Used in Investing Activities	**(910,279)**	(570,712)
Cash flows from financing activities:		
Principal repayments of obligations under capital leases	**(9,465)**	(9,898)
Temporarily restricted contributions - Capital Campaign	**56,203**	291,916
Permanently restricted contributions - Endowment	**10,000**	110,000
Principal repayments of long-term debt	**(550,000)**	(530,000)
Net Cash Used in Financing Activities	**(493,262)**	(137,982)
Net Decrease in Cash and Cash Equivalents	**(7,588)**	(179,706)
Cash and Cash Equivalents at Beginning of Year	**1,236,540**	1,416,246
Cash and Cash Equivalents at End of Year	**$ 1,228,952**	$ 1,236,540
Supplementary cash flows information -		
Interest paid	**$ 913,143**	$ 931,202

Supplementary Schedule of Noncash Investing and Financing Activities

In 2012:

The Organizations included $44,130 of property and equipment in accounts payable.
The Organizations entered into $90,842 of new barter agreements.
Investments of $7,865 were received as payment on promises to give.

In 2011:

The Organizations included $32,453 of property and equipment in accounts payable.
The Organizations entered into $171,245 of new barter agreements.
Investments of $10,563 were received as payment on promises to give.
The Organizations entered into $41,869 of capital lease obligations.
The Organizations terminated capital lease obligations with a remaining balance of $2,628.

See accompanying notes.

Note 1 - Nature of Operations

WITF, Inc. (a Pennsylvania nonprofit corporation) (WITF) operates the WITF-TV and FM stations in Harrisburg, Pennsylvania. WITF, Inc. and Subsidiary's (collectively, Organizations) revenue is primarily from contributions, fees, and rentals.

Effective July 1, 2000, WITF, Inc. established a wholly-owned subsidiary, WITF Enterprises, Inc. (a Pennsylvania C corporation) (Enterprises). Enterprises was created by the transfer of assets and liabilities of a former division of WITF, Inc., the Radio PA Network. Enterprises derives substantially all of its revenue from advertising sales.

Note 2 - Estimates and Summary of Significant Accounting Policies

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, if any, 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.

Principles of Consolidation

The consolidated financial statements include the accounts of WITF and its wholly-owned subsidiary. All significant intercompany balances and transactions are eliminated in consolidation.

Basis of Accounting

The Organizations' financial statements and books are maintained on the accrual basis. The respective revenue and costs of nonindependently-funded programs are deferred until their completion at which time the amounts are transferred to the revenue and expense accounts.

The Organizations use the percentage-of-completion method of accounting for independently-funded revenue, whereby the cumulative production revenue earned equals the ratio of costs incurred to estimated total costs at completion applied to the total committed revenue from outside sponsors. Production costs include charges by subcontractors plus all direct labor and other direct costs. Indirect and general and administrative expenses are charged to expense as incurred. Cost estimates on programs are reviewed periodically as the work progresses and adjustments, if needed, are reflected in the period in which the estimates are revised.

Note 2 - Estimates and Summary of Significant Accounting Policies (continued)

Basis of Presentation

Net assets of the Organizations and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations plus equity of the for-profit entity.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of WITF and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that must be maintained permanently by WITF.

Cash and Cash Equivalents

The Organizations consider all highly liquid investments with original maturities of three months or less to be cash equivalents.

In addition, the Organizations place their temporary cash investments with high credit quality financial institutions. The cash balances are commonly reinvested in overnight repurchase agreements. In evaluating this credit risk, the Organizations periodically evaluate the stability of these financial institutions.

Accounts Receivable

Accounts receivable are stated at outstanding balances, less an allowance for doubtful accounts. The allowance for doubtful accounts is established through provisions charged against income. Accounts deemed to be uncollectible are charged against the allowance and subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is maintained at a level considered adequate to provide for losses that can be reasonably anticipated. Management's periodic evaluation of the adequacy of the allowance is based on past experience, agings of the receivables, adverse situations that may affect a customer's ability to pay, current economic conditions, and other relevant factors. This evaluation is inherently subjective as it requires estimates that may be susceptible to significant change. Unpaid balances remaining after the stated payment terms are considered past due.

As of June 30, 2012 and 2011, management established the allowance for doubtful accounts of $313,792 and $224,331, respectively.

Contracts Receivable

WITF enters into program underwriting contracts with various companies to provide underwriting spots through television, radios, or other outlets in exchange for a funding contribution. The remaining balance of the contract is reported as contracts receivable in the consolidated statement of financial position. All contracts are expected to be realized in less than one year.

Note 2 - Estimates and Summary of Significant Accounting Policies (continued)

Inventory

Inventory of materials and supplies not allocable to uncompleted contracts is stated at the lower of cost or market, cost being determined on the first-in, first-out method. Inventory is determined by physical count.

Interest in Net Assets of a Community Foundation

Interest in net assets of a community foundation is reported at fair value as determined by the community foundation.

Promises to Give

Promises to give are stated at outstanding balances, less an allowance for doubtful accounts. The allowance for doubtful accounts is established through provisions charged against income. Accounts deemed to be uncollectible are charged against the allowance and subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is maintained at a level considered adequate to provide for losses that can be reasonable anticipated. Management's periodic evaluation of the adequacy of the allowance is based on past experience, agings of the receivables, adverse situations that may affect a customer's ability to pay, current economic conditions, and other relevant factors. This evaluation is inherently subjective as it requires estimates that may be susceptible to significant change. Unpaid balances remaining after the stated payment terms are considered past due. Promises to give that are expected to be received in more than one year are discounted to present value using a risk-adjusted rate of return. Amortization of the discount is included in contribution revenue.

Investments

Investments in debt and equity securities with readily determinable fair values are reported at fair value, based on quoted market prices, with the exception of alternative investments. Alternative investments in hedge funds, which include offshore funds, are stated at estimated fair value based upon the fund's net asset value or their equivalents as a practical expedient, unless it is probable that all or a portion of the investment will be sold for an amount different from net asset value. As of June 30, 2012, WITF had no plans or intentions to sell investments at amounts different from net asset value. The estimated fair values are reported by the fund managers and are reviewed and evaluated by WITF. The estimated fair values may differ from the values that would have been used had a ready market existed for these investments.

Unrealized gains and losses are reported as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulation. Realized gains and losses, if any, on the sale or disposal of investments are computed on a specific identification basis and are also included as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by donor stipulation. Interest and dividends are not recorded until received.

Property and Equipment

Property and equipment are reported at cost or, in the case of donated property, at estimated fair value determined as of the date of receipt.

Note 2 - Estimates and Summary of Significant Accounting Policies (continued)

Property and Equipment (continued)

Expenditures for additions, major renewals, and betterments are capitalized and expenditures for maintenance and repairs are charged to operations as incurred. Gain or loss on the sale or disposal of assets is credited or charged to operations, and the related asset costs and accumulated depreciation are removed from the respective accounts.

WITF's buildings and improvements are depreciated using the straight-line method over the estimated average useful lives of the assets of fourteen to thirty years. WITF's equipment is depreciated using the straight-line and accelerated methods over the estimated average useful lives of six to ten years. WITF's vehicles are depreciated using the straight-line method over the estimated average useful life of three years.

Enterprises' equipment and furniture are depreciated using straight-line and accelerated methods over their estimated average useful lives of six to ten years.

The Organizations' policy is to capitalize property and equipment expenditures of $1,000 or more.

Impairment of Long-lived Assets

Long-lived assets other than those held for sale are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. As asset is considered to be impaired when the undiscounted estimated net cash flows to be generated by the asset are less than the carrying amount. The impairment recognized is the amount by which the carrying amount exceeds the fair value of the impaired asset. Management has concluded that no impairment reserves are required as of June 30, 2012 and 2011.

Licensed Program Rights

Program series and other syndicated products are recorded at cost, based on the gross amount of the liability. Generally, these programs and products are amortized on an accelerated basis over the period of the license agreement.

Loan Closing Costs

Costs related to the closing of a note payable are capitalized and amortized over the straight-line terms of the related note payable.

Revenue Recognition

Unrestricted revenue, contributions, and pledges are recognized as revenue in the consolidated statement of activities upon receipt. State appropriation support is reported as unrestricted revenue. Expenditures of unrestricted funds are recognized as expenses when incurred.

Grant revenue is deemed to be in respect of exchange transactions and is classified as unrestricted revenue when received or receivable. Grant revenue is not deemed to be a contribution, since the proceeds thereof are used to pursue objectives of the grantor.

Note 2 - Estimates and Summary of Significant Accounting Policies (continued)

Restricted Support

WITF reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements of Enterprises, and consist of taxes currently due plus deferred taxes. Deferred taxes result primarily from the difference in the basis of property and equipment for financial and income tax reporting. This difference is referred to as a temporary difference. Deferred tax assets and liabilities represent the future tax return consequences of that difference, which will either be taxable or deductible when the temporary difference reverses, or when the underlying assets and liabilities are recovered or settled. Deferred taxes are also recognized for federal and state net operating loss carryforwards that are available to offset future taxable income. Management has elected not to record a valuation allowance since they anticipate being able to fully utilize this benefit before the net operating loss carryforwards expire.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by Enterprises, including whether the entity is exempt from income taxes. Management evaluated the tax positions taken and concluded that Enterprises had taken no uncertain tax positions that require recognition or disclosure in the financial statement. With few exceptions, Enterprises is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before June 30, 2009.

WITF is recognized as being exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code. Accordingly, contributions to the Organization are deductible under Section 170 of the Internal Revenue Code. WITF also files Form 990-T, reporting any unrelated business income earned.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by WITF, including whether the entity is exempt from income taxes. Management evaluated the tax positions taken and concluded that WITF had taken no uncertain tax positions that require recognition or disclosure in the financial statement. Therefore, no provision or liability for income taxes has been included in the financial statements. With few exceptions, WITF is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before June 30, 2009.

Derivatives and Hedging Activity

WITF is a party to interest rate swap agreements to hedge the exposure to changing rates with respect to certain variable rate debt. In accordance, the accounting standard on Accounting for Derivative Instruments and Hedging Activities, all derivatives, whether designated in hedging relationships or not, are required to be recorded on the consolidated statement of financial position at fair value. WITF interest rate swaps are recorded at fair value as determined by a third party. Changes in the fair value of the swaps are recorded in the consolidated statement of activities as a component of the changes in net assets.

Note 2 - Estimates and Summary of Significant Accounting Policies (continued)

Subsequent Events

The Organizations have evaluated subsequent events through October 11, 2012, which is the date the financial statements were available to be issued. No material events subsequent to June 30, 2012 were noted.

Note 3 - Fair Value of Financial Instruments

The fair value hierarchy prioritizes the inputs to valuation methods used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Quoted prices in markets that are not active, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability.

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported with little or no market activity).

An asset or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The following valuation techniques were used to measure fair value of assets in the table on the following page on a recurring basis as of June 30, 2012 and 2011:

Investments in cash and certificates of deposit - The carrying amounts of cash and certificates of deposit approximate fair value because of the short-term nature of those investments.

Investments in mutual funds and equity securities - Fair value of Level 1 mutual funds and equity securities was based on quoted market prices for the identical security. Level 3 equity securities are common stock donated to WITF and are not publicly traded. The fair value was based on internal studies of stock values performed by the donating foundation. The studies are not open to public disclosure.

Investments in hedge funds - Fair value of hedge funds was based on estimated fair values provided by an independent administrator. Management reviews and evaluates the values and agrees with the valuation methods and assumptions used in determining the fair value of the alternative investments. These assets are included as Level 3 fair values, based upon the lowest level of input that is significant to the fair value of measurement.

Interest in net assets of a community foundation - Fair value of the interest in net assets of a community foundation was based on the fair value as determined by the community foundation.

Interest rate swap liability - Fair value of the interest rate swaps are based on quoted market prices when available or externally developed valuation models using forward looking assumptions of interest rates and the resulting effect on the underlying cash flows of the interest rate swaps. Adjustments are not made for nonperformance risk on behalf of either party.

Note 3 - Fair Value of Financial Instruments (continued)

The Organizations' financial instruments also include cash, accounts and other receivable, promises to give, accounts payable, charitable gift annuity obligation, and long-term debt. The carrying amounts of cash, accounts and other receivable, and accounts payable approximate fair values as of June 30, 2012 and 2011 because of the short maturities of those instruments. The carrying amounts of promises to give and charitable gift annuity obligation as of June 30, 2012 and 2011 approximate fair value as they have been discounted using risk adjusted rates. Additionally, the charitable gift annuity obligations were valued based on the annuitants' life expectancies. The carrying amounts of long-term debt are considered to approximate fair values as of June 30, 2012 and 2011 since they are subject to interest rates which vary depending on market conditions.

For assets (liabilities) measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy used are as follows as of June 30:

	2012			
	Total	**Level 1**	**Level 2**	**Level 3**
Cash and cash equivalents	**$ 668,967**	**$ 668,967**	**$ -**	**$ -**
Mutual funds:				
Equity - international	**5,345,821**	**5,345,821**	**-**	**-**
Fixed income	**3,696,433**	**3,696,433**	**-**	**-**
Equity - domestic	**901,878**	**901,878**	**-**	**-**
Mixed - international	**434,918**	**434,918**	**-**	**-**
Total Mutual Funds	**10,379,050**	**10,379,050**	**-**	**-**
Alternative investment:				
Hedge fund	**768,859**	**-**	**-**	**768,859**
Total Investments	**$11,816,876**	**$11,048,017**	**$ -**	**$ 768,859**
Interest in Net Assets of a Community Foundation	**$ 63,426**	**$ -**	**$ 63,426**	**$ -**
Interest rate swap (2005)	**$(1,835,411)**	**$ -**	**$(1,835,411)**	**$ -**
Interest rate swap (2008)	**(1,016,276)**	**-**	**(1,016,276)**	**-**
Interest rate swap (2009)	**(16,865)**	**-**	**(16,865)**	**-**
Total Interest Rate Swaps	**$(2,868,552)**	**$ -**	**$(2,868,552)**	**$ -**

Note 3 - Fair Value of Financial Instruments (continued)

	2011			
	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 329,806	$ 329,806	$ -	$ -
Mutual funds:				
Equity - international	7,889,525	7,889,525	-	-
Fixed income	4,382,884	4,382,884	-	-
Equity - domestic	1,237,040	1,237,040	-	-
Mixed - international	532,262	532,262	-	-
Total Mutual Funds	14,041,711	14,041,711	-	-
Common stock	182,000	-	-	182,000
Total Investments	$14,553,517	$14,371,517	$ -	$ 182,000
Interest in Net Assets of a Community Foundation	$ 61,796	$ -	$ 61,796	$ -
Interest rate swap (2005)	$(1,146,905)	$ -	$(1,146,905)	$ -
Interest rate swap (2008)	(543,471)	-	(543,471)	-
Interest rate swap (2009)	(22,825)	-	(22,825)	-
Total Interest Rate Swaps	$(1,713,201)	$ -	$(1,713,201)	$ -

For assets falling within level 3 in the fair value hierarchy, the activity recognized is as follows during the years ended June 30:

	Common Stock	
	2012	2011
Beginning balance	**$ 182,000**	$ 182,000
Contributions	**-**	-
Distributions	**(383,612)**	-
Purchases	**-**	-
Gain (loss) on sale	**201,612**	-
Unrealized holding gains (losses)	**-**	-
Ending Balance	**$ -**	$ 182,000

	Hedge Fund	
	2012	2011
Beginning balance	**$ -**	$ -
Contributions	**-**	-
Distributions	**750,000**	-
Purchases	**-**	-
Gain (loss) on sale	**-**	-
Unrealized holding gains (losses)	**18,859**	-
Ending Balance	**$ 768,859**	$ -

Note 3 - Fair Value of Financial Instruments (continued)

The gain on sale of common stock, classified as Level 3, is included within unrestricted contributions on the consolidated statement of activities.

The unrealized holding gains for hedge funds, classified as Level 3, are included within unrealized holding gains (losses) on investments on the consolidated statement of activities.

The alternative investments, hedge funds category is comprised of the following:

UBS Millennium Fund (Offshore), Ltd. (the Fund) was organized as an exempted company with limited liability incorporated under the laws of the Cayman Islands and commenced operations on August 1, 2011. The Fund invests substantially all of its capital in Millennium International, Ltd. (the Millennium Fund), an exempted company incorporated under the laws of the Cayman Islands. The Millennium Fund's principal trading objective (through its investment in Millennium Offshore Intermediate, L.P. (the Millennium Intermediate Fund), which itself invests in Millennium Partners, L.P. and subsidiaries (the Millennium Master Fund)) is to achieve above-average appreciation by opportunistically trading and investing in a wide variety of securities, instruments, and other investment opportunities and engaging in a broad array of trading and investment strategies.

An Investor shall be permitted to redeem Shares as of the close of business on March 31, June 30, September 30, and December 31 of each year (each such day, a Redemption Day). An Investor requesting to redeem Shares from the Fund must provide written notice to the Administrator at least 105 days prior to a Redemption Date (unless the Administrator agrees to accept shorter notice), or upon such other notice period, which may be longer, as may be notified to the Investors, in the Administrator's sole discretion.

Note 4 - Cash and Cash Equivalents

The Organizations' bank provides a cash management service which invests all excess cash. Cash consists of the following as of June 30:

	2012	2011
Checking, money market, and repurchase accounts	**$ 1,228,952**	$ 1,236,540

Note 5 - Station License

In December 1995, Hudson Broadcasting Corp. (Hudson) waived claims for payment under an agreement which transferred rights to broadcast on television Channel 33 from Hudson to WITF. The Federal Communications Commission license to transmit on Channel 33 has been valued at $35,000 by the Executive Committee of the Board of Directors.

In January 2009, WITF closed an asset purchase agreement with Broadcast Communications, Inc. to acquire station license WROG-FM, Chambersburg, Pennsylvania. The Federal Communications Commission license to transmit on WROG-FM amounted to $875,000.

Note 6 - Interest in Net Assets of a Community Foundation

WITF is the beneficiary of endowment funds of both The Foundation for Enhancing Communities and York County Community Foundation (collectively, Foundations) community foundations. The Foundations maintain variance power over distributions from the funds. As beneficiary, WITF is entitled to annual distributions from the funds, based upon the Foundations' spending policy.

In accordance with the accounting standard on *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*, the organizational endowment fund created by WITF is reflected in the consolidated statement of financial position as interest in net assets of a community foundation. Through June 30, 2012 and 2011, WITF has contributed $62,267 and $61,791, respectively, to the funds. Future contributions are at the discretion of the Board of Directors of WITF. The fair value of the WITF's interest in net assets of a community foundation amounted to $63,426 and $61,796 as of June 30, 2012 and 2011, respectively.

Note 7 - Promises to Give - Capital Campaign

Promises to give - Capital Campaign represent funds raised to renovate and expand its facilities. The promises to give that were acquired during the year ended June 30, 2008 and prior, and are expected to be collected in more than one year, were discounted to present value using a risk-adjusted rate of return. There were no new promises to give - Capital Campaign during the years ended June 30, 2012 and 2011. Since the time the campaign was initiated, present value discount factors have ranged from 4.36% to 5.73%.

Promises to give - *On Trusted Ground* Campaign represent funds raised in celebration of the 50th Anniversary of WITF to ensure the long-term sustainability and to encourage the same spirit of creativity that led to its founding. The campaign began during the year ended June 30, 2010. The promises to give that were acquired during the years ended June 30, 2012 and prior, and are expected to be collected in more than one year, were discounted to present value using a risk-adjusted rate of return. Since the time the campaign was initiated, present value discount factors have ranged from 1.97% to 3.21%.

Promises to give - fundraising campaigns represent funds received from various fundraising campaigns. WITF engages in these campaigns by offering some special television programs and on-air and telemarketing fundraising appeals. These appeals encourage supporters, both individuals and organization, to provide financial contributions to WITF for enhancement of program offerings and operating expenses. Financial contributions are frequently evidenced by promises to give received from responding viewers. Contributions and collected promises to give are components of the unrestricted operating fund inasmuch as their usage is not limited to specific activities of WITF. This usage is consistent with appeals for contributions and promises to give. All promises to give - fundraising campaigns as of June 30, 2012 and 2011 are expected to be realized in less than one year.

Note 7 - Promises to Give - Capital Campaign (continued)

Promises to give consist of the following as of June 30:

	2012	2011
Promises to give - Capital Campaign	**$ 744,586**	$ 813,971
Promises to give - *On Trusted Ground* Campaign	**645,352**	590,708
Promises to give - fundraising campaigns	**52,681**	67,910
	1,442,619	1,472,589
Unamortized discount	**(24,956)**	(26,176)
Allowance for uncollectible promises to give	**(287,156)**	(269,474)
	$ 1,130,507	$ 1,176,939

Due dates of promises to give, assuming no changes in current terms, consist of the following as of June 30:

	2012	2011
Receivable in less than one year	**$ 1,023,869**	$ 1,139,339
Receivable in one to five years	**418,750**	333,250
Receivable in more than five years	**-**	-
	$ 1,442,619	$ 1,472,589
Current portion	**$ 1,004,944**	$ 1,126,144
Noncurrent portion	**125,563**	50,795
	$ 1,130,507	$ 1,176,939

Note 8 - Investments

The cost, unrealized gains and losses, and fair value of investments consist of the following as of June 30:

	2012			
		Gross Unrealized		
	Cost	**Gains**	**Losses**	**Fair Value**
Cash and cash equivalents	**$ 668,967**	**$ -**	**$ -**	**$ 668,967**
Mutual funds:				
Equity - international	**4,484,255**	**864,469**	**(2,903)**	**5,345,821**
Fixed income	**3,567,653**	**141,196**	**(12,416)**	**3,696,433**
Equity - domestic	**785,723**	**116,642**	**(487)**	**901,878**
Mixed - international	**416,063**	**18,855**	**-**	**434,918**
Total Mutual Funds	**9,253,694**	**1,141,162**	**(15,806)**	**10,379,050**
Alternative investment:				
Hedge fund	**750,000**	**18,859**	**-**	**768,859**
	$10,672,661	**$ 1,160,021**	**$ (15,806)**	**$11,816,876**

Note 8 - Investments (continued)

	2011			
		Gross Unrealized		
	Cost	Gains	Losses	Fair Value
Cash and cash equivalents	$ 329,806	$ -	$ -	$ 329,806
Mutual funds:				
Equity - international	6,012,534	1,877,305	(314)	7,889,525
Fixed income	4,198,391	198,864	(14,371)	4,382,884
Equity - domestic	961,259	275,781	-	1,237,040
Mixed - international	496,821	35,441	-	532,262
Total Mutual Funds	11,669,005	2,387,391	(14,685)	14,041,711
Common stock	182,000	-	-	182,000
	$12,180,811	$ 2,387,391	$ (14,685)	$14,553,517

Investment return consists of the following for the years ended June 30:

	2012	2011
Interest and dividends	**$ 376,771**	$ 403,237
Fees	**(63,591)**	(77,928)
Net realized and unrealized gains	**(644,926)**	1,969,500
	$ (331,746)	$ 2,294,809

Long-term investments held as of June 30, 2012 and 2011 are comprised of investments in fixed income and equity securities. The Organizations have recorded total unrealized holding losses on seven and five of these securities, respectively. Management believes that holding losses recorded on these investments are not a permanent impairment, but rather a temporary market decline. The following table shows the investments gross unrealized losses and fair value, aggregated by investment category and length of time that the individual securities have been in a continuous unrealized loss position as of June 30:

	2012					
	Less than Twelve Months		**Twelve Months of More**		**Total**	
	Fair Value	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**	**Fair Value**	**Unrealized Losses**
Mutual funds:						
Equity - international	**$ 28,828**	**$ (1,189)**	**$ 10,957**	**$ (1,714)**	**$ 39,785**	**$ (2,903)**
Fixed income	**541,679**	**(12,416)**	**-**	**-**	**541,679**	**(12,416)**
Equity - domestic	**9,483**	**(487)**	**-**	**-**	**9,483**	**(487)**
	$ 579,990	**$ (14,092)**	**$ 10,957**	**$ (1,714)**	**$ 590,947**	**$ (15,806)**
	2011					
Mutual funds:						
International equity	$ -	$ -	$ 14,714	$ (314)	$ 14,714	$ (314)
Fixed income	1,212,767	(14,371)	$ -	-	1,212,767	(14,371)
	$ 1,212,767	$ (14,371)	$ 14,714	$ (314)	$ 1,227,481	$ (14,685)

Note 9 - Endowments

WITF's endowments consist of several funds established for a variety of purposes. Its endowments include a donor-restricted endowment fund. As required by accounting principles generally accepted in the United States (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of WITF has interpreted the relevant state law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, WITF classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the 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 not classified in permanently restricted net assets is classified as unrestricted or temporarily restricted net assets until those amounts are appropriated for expenditure by WITF in a manner consistent with the standard of prudence prescribed by the relevant state law. Unless specifically defined by a donor-restricted endowment fund required by donor stipulation, WITF considers the following factors in making a determination to accumulate or appropriate endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and appreciation of investments
(6) Other resources of the organization
(7) The investment policies of the organization

The following schedule represents the endowment net asset composition by type of endowment fund as of June 30:

	2012	2011
Donor-restricted endowment funds	**$ 214,000**	$ 219,377

The following schedule represents the changes in endowment net assets for the years ended June 30:

	2012	2011
Endowment net assets, beginning of year	**$ 219,377**	$ 95,542
Investment return:		
Interest and dividends	**6,793**	12,990
Net appreciation (depreciation) (realized and unrealized)	**(15,377)**	13,835
Contributions	**10,000**	110,000
Disbursements	**(5,617)**	(12,126)
Fees	**(1,176)**	(864)
	$ 214,000	$ 219,377

Note 9 - Endowments (continued)

Funds with Deficiencies

The fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the relevant state law requires WITF to retain as a fund of perpetual duration. In accordance with GAAP, these deficiencies are reported as unrestricted net assets. There were no such deficiencies reported as of June 30, 2012 and 2011.

Return Objectives and Risk Parameters

WITF has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that WITF must hold in perpetuity or for a donor-specified period(s) as well as Board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results to allow WITF to fund the appropriate programs while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives

WITF relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). WITF targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Endowment Spending Policy and How the Investment Objectives Relate to the Spending Policy

The endowment funds of WITF are comprised of donor-designated endowment funds. The spending rate is the withdrawal rate from the endowment funds to fund specific expenditures consistent with specific endowment funds' objectives and approved by the Board of Directors. The not-to-exceed spending rate shall be recommended by the Investment Committee and approved by the Board of Directors, taking into consideration the following goals:

(1) Maximize long-term return goals
(2) Preserve the real long-term purchasing power of the Endowment Funds' portfolio's principal
(3) Optimize annual distribution from the Endowment Funds' portfolio
(4) Promote accountability of asset management
(5) Promote the Organization's fundraising efforts

The general spending policy of the Endowment Funds is based on a total return policy in which capital gains, interest and dividends are reinvested in the Endowment. The spending rate shall be based upon the moving average of the fair market values reported for the previous three years (twelve quarters). A target spending rate of 4.5% is recommended for an endowment that has a balanced allocation to equities and fixed income. For approval each year, the Investment and Finance Committee will recommend to the Board of Directors the spending rate considering the size, growth, and performance (past and projected) of the Endowment Funds and the needs of the operating budget. The recommended spending rate is not to exceed the target of 4.5%. For the years ended June 30, 2012 and 2011, the Board of Directors approved a spending rate of 4.5%.

Note 10 - Property and Equipment

Property and equipment consists of the following as of June 30:

	2012	2011
Building	**$ 16,746,449**	$ 16,749,318
Broadcasting equipment	**8,307,168**	8,464,920
Production equipment	**2,864,962**	1,684,721
Land *	**1,542,360**	1,542,360
Office equipment	**1,363,058**	1,485,520
DTV equipment	**1,121,939**	1,121,939
Furniture and fixtures	**803,726**	791,783
Donated equipment	**603,920**	603,920
ITFS equipment	**276,022**	276,022
Trucks	**184,917**	164,017
FM equipment	**171,987**	180,462
Uplink equipment	**127,332**	132,991
Building improvements	**53,426**	58,578
Leasehold improvements	**41,611**	32,374
Domain name	**6,000**	6,000
	34,214,877	33,294,925
Accumulated depreciation and amortization	**(10,889,763)**	(9,986,418)
	$ 23,325,114	$ 23,308,507

* Not depreciated

Depreciation and amortization expense amounted to $1,720,690 and $1,645,182 for the years ended June 30, 2012 and 2011, respectively.

WHP, a commercial television station in Harrisburg, Pennsylvania, contributed land which was valued at $122,000 by the Executive Committee of the Board of Directors in 1964 when received. The land was contributed with the provision that, if at any time after January 1975, WITF should cease to use said land for educational television purposes, it will revert to WHP.

Note 11 - Loan Closing Costs

Loan closing costs represent costs incurred in closing on the Citizens Bank note payable (refer to Note 14) and consists of the following as of June 30:

	2012	2011
Loan closing costs	**$ 189,745**	$ 189,745
Accumulated amortization	**(24,062)**	(15,812)
	$ 165,683	$ 173,933

Note 11 - Loan Closing Costs (continued)

Amortization expense amounted to $8,250 for each of the years ended June 30, 2012 and 2011.

The estimated amortization expense consists of the following for the five years ending June 30:

2013	$ 8,250
2014	8,250
2015	8,250
2016	8,250
2017	8,250

Note 12 - Obligations under Capital Leases

An analysis of leased property under capital leases consists of the following as of and for the years ended June 30:

	2012	2011
Office equipment	**$ 41,869**	$ 41,869
Accumulated depreciation	**(12,561)**	(4,187)
	$ 29,308	$ 37,682
Amortization expense	**$ 8,374**	$ 5,808
Interest expense	**$ 2,593**	$ 3,381

The amortization expense on capital leases is included in the amount of depreciation and amortization expense reported in Note 10.

Future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, consist of the following for the remaining five years ending June 30:

2013	$ 11,912
2014	11,912
2015	4,278
2016	1,733
2017	144
	29,979
Less amount representing interest	(4,161)
	$ 25,818
Current portion	$ 10,013
Noncurrent portion	15,805
	$ 25,818

Note 13 - Charitable Gift Annuity Obligation

During the year ended June 30, 2011 and prior, WITF was the recipient of gift annuities that provides for the payment of distributions to the annuitants for the remainder of their lives. There were no new gift annuities during the year ended June 30, 2012. After this time period, the remaining assets are available for WITF's use. The annuities are reflected as a liability on WITF's consolidated statement of financial position at their present value discounted over the expected lives of the annuitants using discount rates ranging from 2.00% to 6.20%. The value of the gift annuities received over the calculated liability is recognized as unrestricted contribution revenue and amounted to $-0- and $15,107 for the years ended June 30, 2012 and 2011, respectively. WITF will calculate the present value of the estimated future payments to the annuitants on an annual basis. The charitable gift annuity obligation amounted to $156,304 and $139,748 as of June 30, 2012 and 2011, respectively.

Note 14 - Long-term Debt

On January 8, 2009, WITF entered into a note payable agreement with Citizens Bank of Pennsylvania for $1,000,000 for the purchase of a station license. The note requires monthly payments of $8,333, plus interest through January 8, 2014, plus a balloon payment at maturity. Interest on the unpaid principal balance accrues at a variable rate of LIBOR, plus 225 basis points, which was 2.49% as of June 30, 2012. The loan is collateralized by the station license.

On August 3, 2009, WITF entered into an agreement with Citizens Bank of Pennsylvania, which converted an outstanding Tax-Exempt Variable Rate Demand Revenue Bond, Series of 2005 to a Bank Qualified Tax-Free Term Loan for $18,615,000. The loan requires varying annual principal repayments, with all outstanding principal due on the maturity date of October 31, 2032. Additionally, the loan requires monthly interest payments, the amount of which is determined based on a rate of 30-day LIBOR, plus 250 basis points, multiplied by 68% which was 1.70% as of June 30, 2012. All accrued and unpaid interest will be due on the maturity date. The loan is collateralized by a mortgage on the location of WITF's primary facility.

Long-term debt consists of the following as of June 30:

	2012	2011
Citizens Bank of Pennsylvania - facilities	**$17,325,000**	$17,775,000
Citizens Bank of Pennsylvania - station license	**658,333**	758,333
	17,983,333	18,533,333
Less current maturities of long-term debt	**(575,000)**	(550,000)
	$17,408,333	$17,983,333

Aggregate maturities of long-term debt assuming, no change in these terms or other current terms, consist of the following for the five years ending June 30, 2017, and thereafter:

2013	$ 575,000
2014	1,058,333
2015	525,000
2016	550,000
2017	580,000
Thereafter	14,695,000
	$17,983,333

Note 14 - Long-term Debt (continued)

In order to achieve a fixed interest rate on a portion of the above-mentioned variable rate debt, WITF entered into an interest rate swap agreement that began on September 28, 2005 and ends on October 1, 2020. The agreement provides for WITF to pay a fixed rate of interest of 3.40% applied to the notional amount of the swap to the counterparty to the agreement and receive a variable rate of 68% of one-month LIBOR applied to the notional amount of the swap from the counterparty over the term of the agreement. The notional amount of the swap amounted to $2,226,000 at the beginning of the agreement, will increase to a high of $11.2 million through 2009, and then decrease to $7.7 million at maturity.

WITF entered into an interest rate swap agreement that began on April 1, 2008 and ends on October 1, 2020. The agreement provides for WITF to pay a fixed rate of interest of 2.98% applied to the notional amount of the swap to the counterparty to the agreement and receive a variable rate of 68% of one-month LIBOR applied to the notional amount of the swap from the counterparty over the term of the agreement. The notional amount of the swap amounted to $7,600,000 at the beginning of the agreement and will decrease to $5,106,000 at maturity.

WITF entered into an interest rate swap agreement that began on January 8, 2009 and ends on January 8, 2014. The agreement provides for WITF to pay a fixed rate of interest of 2.14% applied to the notional amount of the swap to the counterparty to the agreement and receive a variable rate of one-month LIBOR applied to the notional amount of the swap from the counterparty over the term of the agreement. The notional amount of the swap amounted to $1,000,000 at the beginning of the agreement and will decrease to $508,334 at maturity.

WITF has recorded the value of the interest rate swaps on the consolidated statement of financial position with the change in value reported on the consolidated statement of activities. The interest rate swaps are reported in the consolidated financial statements of WITF as follows for the years ended June 30:

	2012	
	Presentation on Consolidated Statement of Financial Position	**Presentation on Consolidated Statement of Activities (Unrestricted)**
	Interest Rate Swap Liability	**Change in Fair Value of Interest Rate Swap**
Interest rate swap #1 (2005)	**$(1,835,411)**	**$ (688,506)**
Interest rate swap #2 (2008)	**(1,016,276)**	**(472,805)**
Interest rate swap #3 (2009)	**(16,865)**	**5,960**
	$(2,868,552)	**$(1,155,351)**
	2011	
Interest rate swap #1 (2005)	$(1,146,905)	$ 178,983
Interest rate swap #2 (2008)	(543,471)	95,303
Interest rate swap #3 (2009)	(22,825)	(1,310)
	$(1,713,201)	$ 272,976

Interest expense amounted to $910,193 and $929,309 for the years ended June 30, 2012 and 2011, respectively.

Note 15 - Commitments

WITF leases various operating facilities and equipment under operating leases. Future minimum lease payments consist of the following for the five years ending June 30, 2017, and thereafter:

2013	$ 125,670
2014	120,748
2015	115,704
2016	119,927
2017	105,267
Thereafter	29,318

Future minimum lease payments disclosed above exclude sublease income related to the broadcast tower. The amounts to be received consist of the following for the five years ending June 30, 2017 and thereafter:

2013	$ 206,120
2014	128,684
2015	44,698
2016	43,488
2017	43,926
Thereafter	22,074

Rent expense amounted to $122,697 and $121,039 for the years ended June 30, 2012 and 2011, respectively, excluding sublease income of $229,081 and $240,089, respectively.

WITF entered into several leases for Educational Broadband Service (EBS) stations that are not currently being used by WITF. The stations are being leased in four different locations. The leases each required an initial deposit to WITF, which amounted to $8,268,228 in total. The leases require initial monthly payments ranging from $5,992 to $17,775 and have an initial term of ten years, with two ten-year renewal options. The monthly payment amounts will increase by 3% on an annual basis. The initial deposits, along with the monthly payments, are being recognized on a straight-line basis over the term of the agreements.

During the year ended June 30, 2009, WITF entered into another lease for excess capacity use of Educational Broadband Service (EBS). The lease required an initial deposit to WITF of $432,943. The lease requires initial monthly payments of $2,598 and has an initial term of ten years, with two ten-year renewal options. The monthly payment amounts will increase by 3% on an annual basis. The initial deposits, along with the monthly payments, are being recognized on a straight-line basis over the term of the agreement.

Deferred revenue on the above leases amounted to $5,821,981 and $6,350,391 as of June 30, 2012 and 2011, respectively. Rental income on the above leases amounted to $1,283,547 for each of the years ended June 30, 2012 and 2011.

Future minimum lease payments consist of the following for the five years ending June 30, 2017, and thereafter:

2013	$ 718,259
2014	739,807
2015	762,001
2016	784,861
2017	808,407
Thereaftter	22,932,772
	$26,746,107

Note 16 - Net Assets

Temporarily restricted - Temporarily restricted net assets consist of the following as of June 30:

	2012	2011
Promises to give - On Trusted Ground	**$ 569,751**	$ 525,776
Promises to give - Capital Campaign	**510,182**	579,630
Television and radio underwriting contracts	**378,527**	351,048
Cash - On Trusted Ground programs	**14,464**	11,998
	$ 1,472,924	$ 1,468,452

Permanently restricted - Permanently restricted net assets consist of the following as of June 30:

	2012	2011
Endowment investments	**$ 214,000**	$ 219,377
Promises to give - On Trusted Ground - endowment gift	**15,000**	15,000
Promises to give - Capital Campaign - endowment gift	**1,818**	1,818
	$ 230,818	$ 236,195

Note 17 - Donated Services and Materials

WITF receives services donated by people interested in WITF's programs. However, when the value of donated services is ascertainable and the services meet the requirements for financial statement recognition, they are reflected in the consolidated financial statement as revenue and expenses. There were no donated licensing agreements, equipment, and professional services recorded for each of the years ended June 30, 2012 and 2011.

Note 18 - Pension

WITF sponsors a defined benefit pension plan. The benefits under this plan were frozen effective April 30, 2005. In September, 2006, an accounting standard was issued for *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*. Effective for the fiscal year ended June 30, 2007, the Organizations adopted the provisions of this standard and recognized the funded status of the plan that it sponsors.

Guidance on fair value measurements establishes a fair value hierarchy that is intended to increase consistency and comparability in fair value measurements and related disclosures. The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable (see Note 3).

Following is a description of the valuation methodology used for plan investments measured at fair value. There has been no significant change in the methodology used during the years ended June 30, 2012 and 2011.

Note 18 - Pension (continued)

Level 1 Fair Value Measurements

Investments in interest-bearing cash are stated at cost, which approximates fair value. The fair values of money market and mutual funds are based on quoted net asset values of the shares held by the Plan at year-end. The fair values of government bonds are valued at the closing price reported in the active market on which the individual securities are traded. All of these investments are classified within Level 1 of the valuation hierarchy. The Plan does not hold any Level 2 or 3 investments.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan's management believes the valuation methodology is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain investments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Plan's investments at fair value as of June 30:

	2012			
		Fair Value Measurement Using:		
	Fair Value	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Cash and money market fund	**$ 47,298**	**$ 47,298**	**$ -**	**$ -**
Mutual funds:				
Fixed income	**2,623,700**	**2,623,700**	**-**	**-**
Equity	**2,245,196**	**2,245,196**	**-**	**-**
Total Mutual Funds	**4,868,896**	**4,868,896**	**-**	**-**
	$4,916,194	**$4,916,194**	**$ -**	**$ -**
	2011			
Cash and money market fund	$ 65,207	$ 65,207	$ -	$ -
Mutual funds:				
Fixed income	2,440,256	2,440,256	-	-
Equity	2,658,191	2,658,191	-	-
Total Mutual Funds	5,098,447	5,098,447	-	-
	$5,163,654	$5,163,654	$ -	$ -

Note 18 - Pension (continued)

The following table sets forth the Plan's funded status as of June 30, 2012 and 2011, and amounts recognized in WITF's consolidated statement of financial position as of June 30:

	2012	2011
Projected benefit obligation	**$(6,761,125)**	$(5,727,883)
Plan assets at fair value	**4,916,194**	5,163,654
Funded status	**$(1,844,931)**	$ (564,229)
Accrued pension cost	**$(1,844,931)**	$ (564,229)

Items not yet recognized as a component of net periodic pension cost amounted to $2,695,310 and $1,278,987 for the years ended June 30, 2012 and 2011, respectively. Net periodic pension cost for the years ended June 30, 2012 and 2011 is reported net of deferred tax expense of $ 136,000 and $4,000, respectively, for the portion related to Enterprises.

The following table sets forth the plan's accumulated benefit obligation, net periodic pension cost, employer contributions, and benefits paid for the years ended June 30:

	2012	2011
Net periodic pension cost	**$ 82,702**	$ 39,596
Employer contributions	**$ 52,919**	$ 19,523
Benefits paid	**$ 269,467**	$ 257,555
Accumulated benefit obligation	**$ 6,761,125**	$ 5,727,883

The following weighted average rates were used in determining the actuarial present value of the projected benefit obligations and the related net periodic pension cost as of and for the years ended June 30:

	2012	2011
Discount rate	**4.50%**	5.75%
Expected long-term rate of return on plan assets	**8.50**	8.50
Rate of increase in future compensation levels	**-**	-

The estimated long-term rate of return on plan assets (8.50%) was primarily based on asset allocation of the Plan's assets. Analysis of the historic returns of this asset mix and projections of expected future returns based on current levels adjusted for expected increases were considered in setting the long-term rate of return.

Note 18 - Pension (continued)

The objective of the Plan is to accumulate adequate funds to meet its obligations and required payments. In order to meet these objectives, the Plan intends to invest at least 40% of total plan assets in equity securities of U.S. companies. Investments in securities of foreign issuers are also permitted unless substantial associated risks are apparent. At least 25% of total plan assets are to be invested in bonds. Investments in money market funds are permitted as needed for liquidity purposes or for temporary defensive purposes. The following categories of securities are not permissible for investment without the Finance Committee's prior written approval (among others): unregistered or restricted stock, commodities, tax-exempt securities, options, futures, direct investment in private debt of equity securities, partnerships, or any issues or instruments which might cause the Plan to be in violation of the Prohibited Transactions rules of ERISA.

Plan assets consist of the following as of June 30:

	2012	2011
Cash and money markets	**1%**	1%
Mutual funds	**99%**	99%

Benefits expected to be paid for the years ending June 30:

2013	$ 304,598
2014	299,845
2015	318,497
2016	332,068
2017	362,872
2018 to 2022	2,093,870

No contributions are expected to be paid to the plan during the next fiscal year.

WITF had a tax deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The Plan was funded entirely by employee contributions. Effective October 1, 2000, WITF replaced the 403(b) plan with a defined contribution plan under Section 401(k) of the Internal Revenue Code covering employees who meet certain length of service requirements. WITF's expense under the plan for the years ended June 30, 2012 and 2011 amounted to $123,996 and $252,394, respectively.

Note 19 - Income Taxes

Income taxes (benefit) for Enterprises consist of the following for the years ended June 30:

	2012	2011
Deferred tax expense (benefit), excluding effects of the following:	**$ 136,000**	$ 4,000
Benefit of net operating loss carryforwards	**(31,000)**	(58,000)
	$ 105,000	$ (54,000)

Note 19 - Income Taxes (continued)

The federal income tax provision differs from the provision that would result from applying graduated federal statutory rates to income before income taxes because of the federal benefit of state income taxes and because certain transactions are without tax consequences.

The net deferred income taxes for Enterprises in the accompanying consolidated statement of financial position consist of the following as of June 30:

	2012		
	Federal	**State**	**Total**
Deferred income tax assets - noncurrent	**$ 283,000**	**$ 119,000**	**$ 402,000**
Deferred income tax liabilities - noncurrent	**(32,000)**	**(10,000)**	**(42,000)**
	$ 251,000	**$ 109,000**	**$ 360,000**
	2011		
Deferred income tax assets - noncurrent	$ 253,000	$ 110,000	$ 363,000
Deferred income tax liabilities - noncurrent	(26,000)	(8,000)	(34,000)
	$ 227,000	$ 102,000	$ 329,000

Enterprises has federal net operating loss carryforwards of $466,000. Of this total, $29 will expire in fiscal year 2028, $456,438 will expire in fiscal year 2030, and $9,533 will expire in fiscal year 2031.

Enterprises has Pennsylvania net operating loss carryforwards of $712,878. Of this total, $175,288 will expire in fiscal year 2027, $71,619 will expire in fiscal year 2028, $456,438 will expire in fiscal year 2030, and $9,533 will expire in fiscal year 2031.

Note 20 - Community Service Grants

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grant making organization responsible for funding television and radio stations. CPB distributes annual Community Service Grants (CSG) to qualifying public telecommunication entities. CSG are used to augment the financial resources of public broadcasting stations and thereby to enhance the quality of programming and expand the scope of public broadcasting services.

According to the Communications Act, funds may be used at the discretion of recipients. Public broadcasters use these funds for purposes relating primarily for program acquisition and general station operations.

Note 20 - Community Service Grants (continued)

The grants are reported on the accompanying consolidated financial statement as unrestricted operating funds; however, certain guidelines must be satisfied in connection with application for and use of the grants to maintain eligibility and compliance requirements. These guidelines pertain to the use of grant funds, recordkeeping, audits, financial reporting, and licensee status with the Federal Communications Commission.

Community Service Grants received during the years ended June 30, 2012 and 2011 amounted to $1,150,303 and $1,312,007, respectively.

Note 21 - Functional Expenses

The Organizations operate the WITF-TV and FM stations in Harrisburg, Pennsylvania. The functional expense classification of providing these services are as follows for the years ended June 30:

	2012	2011
Program services	**$11,543,084**	$11,636,116
Supporting services:		
Fundraising	**1,817,917**	1,971,452
Management and general	**1,116,621**	1,196,415
	$14,477,622	$14,803,983

Note 22 - Concentrations of Cash and Credit Risk

At times during the years ended June 30, 2012 and 2011, the Organizations' cash balances may have exceeded the federally insured limit of $250,000. The balances in the Organizations' cash accounts exceeded the FDIC insured limit by $1,263,430 and $1,290,451 as of June 30, 2012 and 2011, respectively.

The interest rate swap (refer to Note 14) exposes WITF to credit risk to the extent the swap has a positive fair value. A positive fair value indicates that the counterparty owes WITF money while a negative fair value indicates that WITF owes the counterparty. WITF manages this risk by dealing with high-quality counterparties.

Note 23 - Reclassification

Certain other information in the 2011 consolidated financial statements and related footnotes contain reclassifications necessary to make that information comparable to information presented in the 2012 consolidated financial statements. There was no change to total changes in net assets or total net assets.

REINSEL KUNTZ LESHER
certified public accountants & consultants

Independent Auditors' Report on the Supplementary Information

To the Board of Directors
WITF, Inc.
Harrisburg, Pennsylvania

We have auditied the consolidated financial statements of WITF, Inc. and Subsidiary (collectively, Organizations) as of and for the year ended June 30, 2012, and have issued our report thereon dated October 11, 2012, which contained an unqualified opinion on those statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The following supplementary information is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information as of and for the year ended June 30, 2012, has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information as of and for the year ended June 30, 2012, is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary information for the year ended June 30, 2011 was audited by other auditors whose report, dated September 12, 2011, expressed an unqualified opinion on such information in relation to the financial statements as a whole.

Reinsel Kuntz Lesher LLP

October 11, 2012

3501 Concord Road, Suite 250, P.O. Box 21439 York, PA 17402 main: 717.843.3804 fax: 717.854.0533 www.RKLcpa.com

Supplementary Information

WITF, Inc. and Subsidiary

Consolidating Schedules of Financial Position Information

	JUNE 30, 2012			
	WITF, Inc.	WITF Enterprises, Inc.	Eliminations	Totals
Assets				
Current Assets				
Cash and cash equivalents	$ 707,079	$ 521,873	$ -	$ 1,228,952
Accounts receivable, net	551,232	466,429	-	1,017,661
Contracts receivable	378,527	-	-	378,527
Accrued interest receivable	1	1	-	2
Inventory and prepaid expenses	479,934	5,770	-	485,704
Broadcast rights	8,126	-	-	8,126
Promises to give, net	1,004,944	-	-	1,004,944
Investments	11,342,132	-	-	11,342,132
Due from WITF Enterprises, Inc.	837,377	-	(837,377)	-
Total Current Assets	15,309,352	994,073	(837,377)	15,466,048
Property and Equipment, Net	23,325,114	-	-	23,325,114
Other Assets				
Station license	910,000	-	-	910,000
Investments	474,744	-	-	474,744
Deferred income taxes	-	360,000	-	360,000
Loan closing costs, net	165,683	-	-	165,683
Promises to give, net	125,563	-	-	125,563
Interest in net assets of a community foundation	63,426	-	-	63,426
Investment in affiliates	(333,175)	-	333,175	-
Total Other Assets	1,406,241	360,000	333,175	2,099,416
Total Assets	$ 40,040,707	$ 1,354,073	$ (504,202)	$ 40,890,578

	JUNE 30, 2012			
	WITF, Inc.	WITF Enterprises, Inc.	Eliminations	Totals
Liabilities and Net Assets/ Stockholder's Equity				
Current Liabilities				
Current maturities of long-term debt	$ 575,000	$ -	$ -	$ 575,000
Current portion of obligations under capital leases	10,013	-	-	10,013
Accounts payable	351,332	365,995	-	717,327
Accrued payroll and vacation	291,939	91,273	-	383,212
Accrued and withheld payroll taxes	36,103	11,095	-	47,198
Deferred revenue	1,518,609	-	-	1,518,609
Accrued interest payable	71,338	-	-	71,338
Broadcast rights	3,144	-	-	3,144
Due to WITF, Inc.	-	837,377	(837,377)	-
Total Current Liabilities	2,857,478	1,305,740	(837,377)	3,325,841
Other Liabilities				
Long-term debt	17,408,333	-	-	17,408,333
Deferred revenue	4,538,434	-	-	4,538,434
Interest rate swap liability	2,868,552	-	-	2,868,552
Accrued pension liability	1,463,423	381,508	-	1,844,931
Charitable gift annuity obligation	156,304	-	-	156,304
Obligations under capital leases	15,805	-	-	15,805
Total Other Liabilities	26,450,851	381,508	-	26,832,359
Total Liabilities	29,308,329	1,687,248	(837,377)	30,158,200
Net Assets				
Unrestricted	9,028,636	-	-	9,028,636
Temporarily restricted	1,472,924	-	-	1,472,924
Permanently restricted	230,818	-	-	230,818
Total Restricted Net Assets	1,703,742	-	-	1,703,742
Total Net Assets	10,732,378	-	-	10,732,378
Stockholder's Equity				
Common stock	-	100	(100)	-
Pain-in capital	-	503,189	(503,189)	-
Retained earnings	-	(532,929)	532,929	-
Accumulated other comprehensive loss	-	(303,535)	303,535	-
Total Stockholder's Equity	-	(333,175)	333,175	-
Total Net Assets/Stockholder's Equity	10,732,378	(333,175)	333,175	10,732,378
Total Liabilities and Net Assets/ Stockholder's Equity	$ 40,040,707	$ 1,354,073	$ (504,202)	$ 40,890,578

WITF, Inc. and Subsidiary

Consolidating Schedules of Financial Position Information (continued)

	JUNE 30, 2011			
	WITF, Inc.	WITF Enterprises, Inc.	Eliminations	Totals
Assets				
Current Assets				
Cash and cash equivalents	$ 614,832	$ 621,708	$ -	$ 1,236,540
Accounts receivable, net	739,242	495,096	-	1,234,338
Contracts receivable	351,048	-	-	351,048
Accrued interest receivable	3	3	-	6
Inventory and prepaid expenses	554,859	1,709	-	556,568
Broadcast rights	116,969	-	-	116,969
Promises to give, net	1,126,144	-	-	1,126,144
Investments	14,060,937	-	-	14,060,937
Due from WITF Enterprises, Inc.	1,338,202	-	(1,338,202)	-
Total Current Assets	18,902,236	1,118,516	(1,338,202)	18,682,550
Property and Equipment, Net	23,308,507	-	-	23,308,507
Other Assets				
Station license	910,000	-	-	910,000
Investments	492,580	-	-	492,580
Deferred income taxes	-	329,000	-	329,000
Loan closing costs, net	173,933	-	-	173,933
Promises to give, net	50,795	-	-	50,795
Interest in net assets of a community foundation	61,796	-	-	61,796
Investment in affiliates	(287,164)	-	287,164	-
Total Other Assets	1,401,940	329,000	287,164	2,018,104
Total Assets	$ 43,612,683	$ 1,447,516	$ (1,051,038)	$ 44,009,161

	JUNE 30, 2011			
	WITF, Inc.	WITF Enterprises, Inc.	Eliminations	Totals
Liabilities and Net Assets/ Stockholder's Equity				
Current Liabilities				
Current maturities of long-term debt	$ 550,000	$ -	$ -	$ 550,000
Current portion of obligations under capital leases	9,466	-	-	9,466
Accounts payable	364,990	245,994	-	610,984
Accrued payroll and vacation	293,251	76,406	-	369,657
Accrued and withheld payroll taxes	29,554	7,496	-	37,050
Deferred revenue	1,868,705	2	-	1,868,707
Accrued interest payable	74,288	-	-	74,288
Due to WITF, Inc.	-	1,338,202	(1,338,202)	-
Total Current Liabilities	3,190,254	1,668,100	(1,338,202)	3,520,152
Other Liabilities				
Long-term debt	17,983,333	-	-	17,983,333
Deferred revenue	5,066,843	-	-	5,066,843
Interest rate swap liability	1,713,201	-	-	1,713,201
Accrued pension liability	497,649	66,580	-	564,229
Charitable gift annuity obligation	139,748	-	-	139,748
Obligations under capital leases	25,817	-	-	25,817
Total Other Liabilities	25,426,591	66,580	-	25,493,171
Total Liabilities	28,616,845	1,734,680	(1,338,202)	29,013,323
Net Assets				
Unrestricted	13,291,191	-	-	13,291,191
Temporarily restricted	1,468,452	-	-	1,468,452
Permanently restricted	236,195	-	-	236,195
Total Restricted Net Assets	1,704,647	-	-	1,704,647
Total Net Assets	14,995,838	-	-	14,995,838
Stockholder's Equity				
Common stock	-	100	(100)	-
Pain-in capital	-	503,189	(503,189)	-
Retained earnings	-	(685,026)	685,026	-
Accumulated other comprehensive loss	-	(105,427)	105,427	-
Total Stockholder's Equity	-	(287,164)	287,164	-
Total Net Assets/Stockholder's Equity	14,995,838	(287,164)	287,164	14,995,838
Total Liabilities and Net Assets/ Stockholder's Equity	$ 43,612,683	$ 1,447,516	$ (1,051,038)	$ 44,009,161

WITF, Inc. and Subsidiary

Consolidating Schedules of Activities Information

	YEAR ENDED JUNE 30, 2012			
	WITF, Inc.			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue:				
Fees and rentals	$ 3,187,233	$ -	$ -	$ 3,187,233
Contributions	4,313,725	235,000	10,000	4,558,725
Program underwriting	-	1,590,219	-	1,590,219
Interest income	378,576	-	-	378,576
Net assets released from restrictions	1,820,747	(1,820,747)	-	-
Management fee income	425,640	-	-	425,640
Investment in subsidiary income	(46,011)	-	-	(46,011)
Loss on sale of property and equipment	(31,590)	-	-	(31,590)
Loss on sale of investments	(208,668)	-	-	(208,668)
Total Revenue	9,839,652	4,472	10,000	9,854,124
Expenses:				
Broadcasting	3,204,149	-	-	3,204,149
Programming and production	4,581,735	-	-	4,581,735
Fundraising	1,817,917	-	-	1,817,917
Management and general	1,116,621	-	-	1,116,621
Telecommunications	592,965	-	-	592,965
Income taxes	-	-	-	-
Program information	102,922	-	-	102,922
Total Expenses	11,416,309	-	-	11,416,309
Excess (Deficiency) of Revenue over Expenses	(1,576,657)	4,472	10,000	(1,562,185)
Change in Interest in Net Assets of a Community Foundation	1,630	-	-	1,630
Unrealized Holding Losses on Investments	(420,881)	-	(15,377)	(436,258)
Change in Fair Value of Interest Rate Swap	(1,155,351)	-	-	(1,155,351)
Change in Charitable Gift Annuity Obligation	(29,081)	-	-	(29,081)
Loss on Items Not Yet Recognized as a Component of Net Periodic Pension Cost	(1,082,215)	-	-	(1,082,215)
Management Fee Expense	-	-	-	-
Changes in Net Assets/Net Loss	$ (4,262,555)	$ 4,472	$ (5,377)	$ (4,263,460)

YEAR ENDED JUNE 30, 2012

WITF Enterprises, Inc.	Eliminations	Total
$ 3,639,050	$ -	$ 6,826,283
-	-	4,558,725
-	-	1,590,219
-	-	378,576
-	-	-
-	(425,640)	-
-	46,011	-
-	-	(31,590)
-	-	(208,668)
3,639,050	(379,629)	13,113,545
2,956,313	-	6,160,462
-	-	4,581,735
-	-	1,817,917
-	-	1,116,621
-	-	592,965
105,000	-	105,000
-	-	102,922
3,061,313	-	14,477,622
577,737	(379,629)	(1,364,077)
-	-	1,630
-	-	(436,258)
-	-	(1,155,351)
-	-	(29,081)
(198,108)	-	(1,280,323)
(425,640)	425,640	-
$ (46,011)	$ 46,011	$ (4,263,460)

WITF, Inc. and Subsidiary

Consolidating Schedules of Activities Information (continued)

	YEAR ENDED JUNE 30, 2011			
	WITF, Inc.			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue:				
Fees and rentals	$ 3,697,311	$ -	$ -	$ 3,697,311
Contributions	4,584,026	447,750	125,000	5,156,776
Program underwriting	-	1,689,265	-	1,689,265
Interest income	405,699	-	-	405,699
Net assets released from restrictions	2,038,516	(2,038,516)	-	-
Management fee income	397,056	-	-	397,056
Investment in subsidiary income	43,425	-	-	43,425
Loss on sale of property and equipment	(1,554)	-	-	(1,554)
Gain on sale of investments	365,401	-	-	365,401
Total Revenue	11,529,880	98,499	125,000	11,753,379
Expenses:				
Broadcasting	3,217,359	-	-	3,217,359
Programming and production	4,564,950	-	-	4,564,950
Fundraising	1,971,452	-	-	1,971,452
Management and general	1,196,415	-	-	1,196,415
Telecommunications	594,723	-	-	594,723
Income taxes	-	-	-	-
Program information	1,424,600	-	-	1,424,600
Total Expenses	12,969,499	-	-	12,969,499
Excess (Deficiency) of Revenue over Expenses	(1,439,619)	98,499	125,000	(1,216,120)
Change in Interest in Net Assets of a Community Foundation	1,615	-	-	1,615
Unrealized Holding Gains on Investments	1,590,264	-	13,835	1,604,099
Change in Fair Value of Interest Rate Swap	272,976	-	-	272,976
Change in Charitable Gift Annuity Obligation	(7,180)	-	-	(7,180)
Gain on Items Not Yet Recognized as a Component of Net Periodic Pension Cost	271,092	-	-	271,092
Management Fee Expense	-	-	-	-
Changes in Net Assets/Net Income	$ 689,148	$ 98,499	$ 138,835	$ 926,482

YEAR ENDED JUNE 30, 2011		
WITF Enterprises, Inc.	Eliminations	Total
$ 2,262,049	$ -	$ 5,959,360
-	-	5,156,776
-	-	1,689,265
-	-	405,699
-	-	-
-	(397,056)	-
-	(43,425)	-
-	-	(1,554)
-	-	365,401
2,262,049	(440,481)	13,574,947
1,888,484	-	5,105,843
-	-	4,564,950
-	-	1,971,452
-	-	1,196,415
-	-	594,723
(54,000)	-	(54,000)
-	-	1,424,600
1,834,484	-	14,803,983
427,565	(440,481)	(1,229,036)
-	-	1,615
-	-	1,604,099
-	-	272,976
-	-	(7,180)
12,916	-	284,008
(397,056)	397,056	-
$ 43,425	$ (43,425)	$ 926,482

WITF, Inc. and Subsidiary

Consolidating Schedules of Changes in Net Assets/Stockholder's Equity Information

Years Ended June 30, 2012 and 2011

	WITF, Inc.			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Net Assets/Stockholder's Equity, June 30, 2010	$12,602,043	$ 1,369,953	$ 97,360	$14,069,356
Changes in net assets/net income	689,148	98,499	138,835	926,482
Other comprehensive gain for net periodic pension costs, net of $4,000 of deferred tax benefit	-	-	-	-
Net Assets/Stockholder's Equity, June 30, 2011	13,291,191	1,468,452	236,195	14,995,838
Changes in net assets/net loss	**(4,262,555)**	**4,472**	**(5,377)**	**(4,263,460)**
Other comprehensive loss for net periodic pension costs, net of $136,000 of deferred tax benefit	**-**	**-**	**-**	**-**
Net Assets/Stockholder's Equity, June 30, 2012	**$ 9,028,636**	**$ 1,472,924**	**$ 230,818**	**$10,732,378**

WITF Enterprises, Inc.						
Common Stock	Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Totals	Eliminations	Totals
$ 100	$ 503,189	$ (118,343)	$ (715,535)	$ (330,589)	$ 330,589	$14,069,356
-	-	-	30,509	30,509	(30,509)	926,482
-	-	12,916	-	12,916	(12,916)	-
100	503,189	(105,427)	(685,026)	(287,164)	287,164	14,995,838
-	**-**	**-**	**152,097**	**152,097**	**(152,097)**	**(4,263,460)**
-	**-**	**(198,108)**	**-**	**(198,108)**	**198,108**	**-**
$ 100	**$ 503,189**	**$ (303,535)**	**$ (532,929)**	**$ (333,175)**	**$ 333,175**	**$10,732,378**

WITF, Inc. and Subsidiary

Consolidating Schedules of Revenue Information

	JUNE 30, 2012			
	WITF, Inc.	WITF Enterprises, Inc.	Eliminations	Totals
Topflight media revenue	$ -	$ 2,624,850	$ -	$ 2,624,850
Memberships	1,824,815	-	-	1,824,815
Program underwriting	1,590,219	-	-	1,590,219
Educational Broadband Service	1,283,547	-	-	1,283,547
Federal grants	1,177,358	-	-	1,177,358
Program revenue	766,241	-	-	766,241
Satellite uplink services	716,205	-	-	716,205
Fundraising Campaign	650,906	-	-	650,906
Radio PA revenue	-	612,580	-	612,580
Special gifts	451,605	-	-	451,605
NASRN advertising revenue	-	401,620	-	401,620
Interest income	378,576	-	-	378,576
Cash contributions	253,486	-	-	253,486
Tower rental	229,081	-	-	229,081
Equipment rental	132,223	-	-	132,223
TV revenue	88,044	-	-	88,044
State grants	69,000	-	-	69,000
Other grants	43,511	-	-	43,511
Teleconference revenue	36,575	-	-	36,575
Special events	18,304	-	-	18,304
School district revenue	2,822	-	-	2,822
Sale of premiums	1,571	-	-	1,571
Miscellaneous income	664	-	-	664
Central PA advertising	-	-	-	-
Netsource revenue	-	-	-	-
Central PA and newsletter sales	-	-	-	-
Management fee income	425,640	-	(425,640)	-
Investment in subsidiary income (loss)	(46,011)	-	46,011	-
Loss on sale of property and equipment	(31,590)	-	-	(31,590)
Gain (loss) on sale of investments	(208,668)	-	-	(208,668)
	$ 9,854,124	$ 3,639,050	$ (379,629)	$13,113,545

JUNE 30, 2011

WITF, Inc.	WITF Enterprises, Inc.	Eliminations	Totals
$ -	$ 1,441,367	$ -	$ 1,441,367
1,919,996	-	-	1,919,996
1,689,265	-	-	1,689,265
1,283,547	-	-	1,283,547
1,352,892	-	-	1,352,892
663,705	-	-	663,705
627,114	-	-	627,114
571,750	-	-	571,750
-	436,235	-	436,235
430,560	-	-	430,560
-	384,447	-	384,447
405,699	-	-	405,699
684,286	-	-	684,286
240,089	-	-	240,089
62,988	-	-	62,988
20,248	-	-	20,248
36,000	-	-	36,000
141,044	-	-	141,044
52,125	-	-	52,125
-	-	-	-
3,155	-	-	3,155
3,619	-	-	3,619
1,923	-	-	1,923
744,097	-	-	744,097
8,628	-	-	8,628
6,321	-	-	6,321
397,056	-	(397,056)	-
43,425	-	(43,425)	-
(1,554)	-	-	(1,554)
365,401	-	-	365,401
$11,753,379	$ 2,262,049	$ (440,481)	$13,574,947

WITF, Inc. and Subsidiary

Consolidating Schedules of Functional Expenses Information - by Natural Classification

Years Ended June 30, 2012 and 2011

	2012								2011
	Program Services				Support Services				
	Programming and Production	Broadcasting and Income Taxes	Program Information	Tele-Communications	Fundraising	Management and General	Eliminations and Adjustments	Totals	Totals
Operating expenses of subsidiary	$ -	$ 2,956,313	$ -	$ -	$ -	$ -	$ -	$ 2,956,313	$ 1,887,397
Salaries	1,036,760	1,085,269	-	73,824	464,816	290,813	-	2,951,482	3,767,274
Depreciation and amortization	616,844	748,784	4,163	67,190	123,436	160,273	-	1,720,690	1,644,095
Program acquisition	850,468	535,052	-	-	-	-	-	1,385,520	1,430,824
Interest expense	380,773	127,569	5,929	89,019	122,396	184,507	-	910,193	929,309
Direct material	282,157	-	-	121,062	72,576	-	-	475,795	519,577
Direct labor	326,248	85,517	-	20,297	118	110	-	432,290	535,412
Maintenance and repairs	142,192	62,977	846	23,641	36,576	48,618	-	314,850	341,172
Power and light	131,164	69,172	1,477	22,180	30,496	45,971	-	300,460	302,622
Group life and hospitalization	108,243	85,655	-	7,619	54,796	27,989	-	284,302	438,710
Affiliate dues and fees	175,112	59,143	-	-	-	17,510	-	251,765	270,119
Direct mail promotion	-	-	-	-	249,174	-	-	249,174	215,252
Payroll taxes	94,780	65,532	-	6,671	47,981	24,508	-	239,472	305,760
Cost of premiums	196	-	-	-	187,588	-	-	187,784	218,089
Professional fees	33,541	20,629	(25)	1,609	11,573	112,718	-	180,045	137,197
Banking fees	62,285	-	-	-	-	78,966	-	141,251	154,409
Barter expenses	4,509	2,039	93,342	30,429	4,229	2,790	-	137,338	165,449
Rent, tower site	-	35,604	-	86,053	-	-	-	121,657	118,376
Insurance	29,709	29,580	318	5,423	8,991	31,879	-	105,900	119,719
Income taxes of subsidiary	-	105,000	-	-	-	-	-	105,000	(54,000)
Pension	39,264	30,217	-	2,764	19,877	10,153	-	102,275	179,685
Pledge activity	-	-	-	-	97,295	-	-	97,295	85,999
Contributed services	88,788	-	-	-	-	-	-	88,788	88,788
Provision for uncollectible accounts	-	-	-	17,574	69,675	-	-	87,249	44,873
Internet access	59,494	19,279	-	-	-	6,426	-	85,199	38,541
Telemarketing	-	-	-	-	79,223	-	-	79,223	90,579
Telephone	19,425	14,712	-	3,352	14,100	19,186	-	70,775	73,907
Consulting services	6,117	34,933	-	-	6,790	11,598	-	59,438	123,636
Membership maintenance	-	-	-	-	58,325	-	-	58,325	65,933
Pennsylvania unemployment insurance	18,102	11,541	-	1,274	9,164	4,681	-	44,762	61,826
Travel and entertainment	2,864	4,073	-	1,360	15,587	5,960	-	29,844	34,799
Dues and subscriptions	5,636	1,347	-	1,266	7,342	10,692	-	26,283	35,709
Postage	5,357	14,751	-	1,455	636	617	-	22,816	87,769
Subtotal (carry forward)	4,520,028	6,204,688	106,050	584,062	1,792,760	1,095,965	-	14,303,553	14,458,806

WITF, Inc. and Subsidiary

Consolidating Schedules of Functional Expenses Information - by Natural Classification (continued)

Years Ended June 30, 2012 and 2011

	2012								2011
	Program Services				Support Services				
	Programming and Production	Broadcasting and Income Taxes	Program Information	Tele-Communications	Fundraising	Management and General	Eliminations and Adjustments	Totals	Totals
Subtotal (brought forward)	$ 4,520,028	$ 6,204,688	$ 106,050	$ 584,062	$ 1,792,760	$ 1,095,965	$ -	$ 14,303,553	$ 14,458,806
Data processing supplies	5,734	5,925	-	2,386	4,108	3,337	-	21,490	18,335
Amortization of broadcast rights	18,646	-	-	-	-	-	-	18,646	12,418
Other employee benefits	7,394	4,135	-	521	3,869	2,155	-	18,074	12,681
Office supplies	979	14,725	-	113	910	835	-	17,562	11,676
Other building utilities	681	14,534	11	159	219	330	-	15,934	21,655
Outside printing	9,907	174	-	85	4,381	523	-	15,070	180,906
Miscellaneous	1,849	181	-	2,394	450	7,517	-	12,391	7,750
Gas and oil, vehicles	6,709	1,479	-	1,329	812	675	-	11,004	11,689
Recruitment	2,016	4,596	-	192	1,535	1,292	-	9,631	3,766
Training	-	283	-	200	7,480	1,640	-	9,603	22,094
Other expenses	-	9,142	-	-	-	-	-	9,142	9,282
Amortization of loan costing costs	3,452	1,156	54	807	1,109	1,672	-	8,250	8,250
Award entry fees	1,720	4,210	-	-	-	-	-	5,930	1,100
Video heads and tapes	1,211	-	-	196	-	-	-	1,407	1,478
Miscellaneous supplies	788	88	-	419	76	19	-	1,390	828
Rent, equipment	434	146	7	102	140	211	-	1,040	2,663
Taxes and licenses	-	-	-	-	-	450	-	450	450
Lighting supplies	196	-	-	-	-	-	-	196	177
Copier supplies	-	-	-	-	68	-	-	68	1,244
Data processing services	-	-	-	-	-	-	-	-	12,548
Art supplies	-	-	-	-	-	-	-	-	1,662
Depreciation expense of subsidiary	-	-	-	-	-	-	-	-	1,087
Special surveys	-	-	-	-	-	-	-	-	829
Audio supplies	-	-	-	-	-	-	-	-	152
Parking expense	-	-	-	-	-	-	-	-	35
Advertising expense	(9)	-	(3,200)	-	-	-	-	(3,209)	422
	$ 4,581,735	$ 6,265,462	$ 102,922	$ 592,965	$ 1,817,917	$ 1,116,621	$ -	$ 14,477,622	$ 14,803,983