



WITF, Inc. and Subsidiary

**Consolidated Financial Statements and
Supplementary Information**

June 30, 2022 and 2021



WITF, Inc. and Subsidiary

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of WITF, Inc. and Subsidiary (collectively, the Organizations), which comprise the consolidated statement of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses - by natural classification, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organizations as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organizations and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raises substantial doubt about the Organizations' ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organizations' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organizations' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information, as listed in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to these consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, including the schedule of expenditures of federal awards, is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2022 on our consideration of the Organizations' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organizations' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organizations' internal control over financial reporting and compliance.

RKL LLP

October 12, 2022
Harrisburg, Pennsylvania

WITF, Inc. and Subsidiary

Consolidated Statement of Financial Position

	June 30,	
	<u>2022</u>	<u>2021</u>
Assets		
Current Assets		
Cash, operating	\$ 3,915,774	\$ 2,691,967
Cash, restricted	278,496	354,541
Accounts receivable, net	534,797	511,998
Grants receivable	316,438	417,756
Contracts receivable	141,301	152,452
Inventory and prepaid expenses	222,843	171,306
Broadcast rights	82,848	55,017
Promises to give, net	-	58,000
Investments	9,216,829	10,851,299
Total Current Assets	<u>14,709,326</u>	<u>15,264,336</u>
Property and Equipment, Net	<u>14,301,118</u>	<u>14,911,248</u>
Other Assets		
Investments	21,061,933	25,319,225
Station license	910,000	910,000
Deferred income taxes, net	705,000	753,000
Interest in net assets of a community foundation	74,330	84,970
Promises to give, net	-	32,360
Total Other Assets	<u>22,751,263</u>	<u>27,099,555</u>
Total Assets	<u>\$ 51,761,707</u>	<u>\$ 57,275,139</u>

WITF, Inc. and Subsidiary

Consolidated Statement of Financial Position (continued)

	June 30,	
	<u>2022</u>	<u>2021</u>
<i>Liabilities and Net Assets</i>		
Current Liabilities		
Current maturities of long-term debt	\$ 745,682	\$ 723,019
Current portion of obligations under capital leases	8,445	2,274
Accounts payable	1,388,687	1,581,084
Accrued payroll and vacation	416,188	370,661
Accrued and withheld payroll taxes	15,158	11,386
Deferred revenue	1,865,748	1,375,128
Accrued interest payable	25,479	23,378
Broadcast rights	-	5,826
	<u>4,465,387</u>	<u>4,092,756</u>
Total Current Liabilities		
Other Liabilities		
Long-term debt	10,543,333	11,289,015
Interest rate swap liability	378,654	405,782
Deferred revenue	15,014	292,096
Charitable gift annuity obligation	76,483	82,258
Obligations under capital leases	12,974	403
	<u>11,026,458</u>	<u>12,069,554</u>
Total Other Liabilities		
Total Liabilities		
	<u>15,491,845</u>	<u>16,162,310</u>
Net Assets		
Without donor restrictions	34,910,597	39,171,403
With donor restrictions	1,359,265	1,941,426
	<u>36,269,862</u>	<u>41,112,829</u>
Total Net Assets		
Total Liabilities and Net Assets		
	<u>\$ 51,761,707</u>	<u>\$ 57,275,139</u>

WITF, Inc. and Subsidiary

Consolidated Statement of Activities

	Year Ended June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Contributions	\$ 10,545,466	\$ 558,183	\$ 11,103,649
Fees and rentals	4,029,789	-	4,029,789
Program underwriting	-	1,019,677	1,019,677
Interest income, net of fees	666,355	-	666,355
In-kind contributions	116,920	-	116,920
Net assets released from restrictions	1,487,028	(1,487,028)	-
Gain on sale of property and equipment	-	-	-
Loss on sale of investments	(447,644)	-	(447,644)
Total Revenue	16,397,914	90,832	16,488,746
Expenses			
Education	4,780,392	-	4,780,392
Programming and production	3,676,914	-	3,676,914
Broadcasting	3,241,093	-	3,241,093
Fundraising	2,657,824	-	2,657,824
Management and general	1,495,035	-	1,495,035
Program information	348,008	-	348,008
Income taxes	50,000	-	50,000
Total Expenses	16,249,266	-	16,249,266
Excess of Revenue over Expenses	148,648	90,832	239,480
Change in Interest in Net Assets of a Community Foundation	(10,640)	-	(10,640)
Unrealized Holding Losses on Investments	(4,421,488)	(672,993)	(5,094,481)
Change in Fair Value of Interest Rate Swap	27,128	-	27,128
Change in Charitable Gift Annuity Obligation	(4,454)	-	(4,454)
Forgiveness of Long-Term Debt and Accrued Interest	-	-	-
Changes in Net Assets	\$ (4,260,806)	\$ (582,161)	\$ (4,842,967)

See accompanying notes.

WITF, Inc. and Subsidiary

Consolidated Statement of Activities (continued)

	Year Ended June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Contributions	\$ 12,202,306	\$ 1,387,669	\$ 13,589,975
Fees and rentals	3,180,262	-	3,180,262
Program underwriting	-	804,539	804,539
Interest income, net of fees	776,305	-	776,305
In-kind contributions	153,558	-	153,558
Net assets released from restrictions	1,546,604	(1,546,604)	-
Gain on sale of property and equipment	11,347	-	11,347
Gain on sale of investments	1,146,108	-	1,146,108
Total Revenue	19,016,490	645,604	19,662,094
Expenses			
Education	4,884,434	-	4,884,434
Programming and production	3,583,535	-	3,583,535
Broadcasting	3,209,741	-	3,209,741
Fundraising	2,436,708	-	2,436,708
Management and general	1,441,115	-	1,441,115
Program information	273,597	-	273,597
Income taxes	48,000	-	48,000
Total Expenses	15,877,130	-	15,877,130
Excess of Revenue over Expenses	3,139,360	645,604	3,784,964
Change in Interest in Net Assets of a Community Foundation	20,293	-	20,293
Unrealized Holding Gains (Losses) on on Investments	5,627,097	(46,130)	5,580,967
Change in Fair Value of Interest Rate Swap	480,087	-	480,087
Change in Charitable Gift Annuity Obligation	(5,134)	-	(5,134)
Forgiveness of Long-Term Debt and Accrued Interest	917,397	-	917,397
Changes in Net Assets	\$ 10,179,100	\$ 599,474	\$ 10,778,574

See accompanying notes.

WITF, Inc. and Subsidiary

Consolidated Statement of Functional Expenses - by Natural Classification

Year Ended June 30, 2022

	Program Services				Support Services				Totals
	Education	Programming and Production	Broadcasting and Income Taxes	Program Information	Total Program Services	Fundraising	Management and General	Total Supporting Services	
Station compensation	\$ 4,353,098	\$ -	\$ 14,400	\$ -	\$ 4,367,498	\$ -	\$ -	\$ -	\$ 4,367,498
Salaries	103,446	824,805	830,591	169,224	1,928,066	1,024,994	754,026	1,779,020	3,707,086
Depreciation and amortization	5,272	419,361	755,990	6,337	1,186,960	116,861	162,764	279,625	1,466,585
Program acquisition	-	740,321	625,314	-	1,365,635	-	-	-	1,365,635
Direct labor	177,698	441,126	282,219	-	901,043	2,617	-	2,617	903,660
Membership maintenance	-	-	-	-	-	400,998	-	400,998	400,998
Group life and hospitalization	2,122	97,830	117,625	13,026	230,603	76,678	69,485	146,163	376,766
Payroll taxes	10,848	91,448	86,788	12,664	201,748	72,125	53,027	125,152	326,900
Interest expense	773	146,062	41,722	2,798	191,355	38,255	58,284	96,539	287,894
Affiliate dues and fees	-	148,264	45,665	-	193,929	-	44,970	44,970	238,899
Retirement	6,726	59,605	62,631	9,499	138,461	55,829	41,347	97,176	235,637
Power and light	472	121,890	48,704	1,707	172,773	23,331	35,547	58,878	231,651
Maintenance and repairs	3,416	113,452	37,208	875	154,951	26,153	47,128	73,281	228,232
Dues and subscriptions	4,167	88,320	34,788	4,712	131,987	55,884	23,855	79,739	211,726
Rent, tower site	-	103,283	74,070	-	177,353	-	-	-	177,353
Direct mail promotion	-	9	-	-	9	166,474	-	166,474	166,483
Cost of premiums	-	-	-	638	638	158,097	-	158,097	158,735
Professional fees	6,779	24,802	27,984	4,081	63,646	44,700	48,849	93,549	157,195
Insurance	919	50,500	21,982	1,182	74,583	12,910	40,810	53,720	128,303
Consulting services	24,022	7,880	6,826	67,854	106,582	-	14,544	14,544	121,126
Pledge activity	-	-	-	-	-	118,952	-	118,952	118,952
Banking fees	-	-	-	-	-	60,681	32,184	92,865	92,865
Outside printing	7,540	1,127	286	954	9,907	62,493	1,074	63,567	73,474
Internet access	2,391	19,386	25,438	-	47,215	10,676	14,304	24,980	72,195
Miscellaneous supplies	52,625	1,729	217	162	54,733	2,620	727	3,347	58,080
Travel and entertainment	5,334	19,205	5,911	687	31,137	10,729	6,552	17,281	48,418
Provision for uncollectible accounts	-	88	-	-	88	48,132	-	48,132	48,220
Income taxes of subsidiary	-	-	48,000	-	48,000	-	-	-	48,000
Barter expense	-	-	-	44,145	44,145	-	-	-	44,145
Amortization of broadcast rights	-	43,921	-	-	43,921	-	-	-	43,921
Special surveys	-	28,239	15,460	-	43,699	-	-	-	43,699
Other expenses	700	21,001	19,206	-	40,907	21	-	21	40,928
Telephone	400	7,115	10,699	600	18,814	7,583	7,895	15,478	34,292
Training	428	6,681	5,703	1,388	14,200	10,423	9,465	19,888	34,088
Postage	2,118	2,561	846	-	5,525	27,307	766	28,073	33,598
Other employee benefits	1,728	7,778	6,838	940	17,284	6,314	5,298	11,612	28,896
Other building utilities	72	13,526	3,864	259	17,721	3,542	5,397	8,939	26,660
Advertising expense	1,150	402	13,850	3,536	18,938	296	-	296	19,234
Recruitment	436	6,800	4,157	-	11,393	3,745	3,812	7,557	18,950
Pennsylvania unemployment insurance	444	6,531	4,077	728	11,780	2,446	2,064	4,510	16,290

See accompanying notes.

WITF, Inc. and Subsidiary

Consolidated Statement of Functional Expenses - by Natural Classification (continued)

Year Ended June 30, 2022

	Program Services				Supporting Services			Totals	
	Education	Programming and Production	Broadcasting and Income Taxes	Program Information	Total Program Services	Fundraising	Management and General		Total Supporting Services
Office supplies	\$ 573	\$ 3,092	\$ 1,811	\$ -	\$ 5,476	\$ 2,801	\$ 1,798	\$ 4,599	\$ 10,075
Miscellaneous	2,673	3,050	166	-	5,889	1,250	1,982	3,232	9,121
Taxes and licenses	-	-	-	-	-	-	5,632	5,632	5,632
Operating expenses of subsidiary, including depreciation expense of \$617	-	-	5,042	-	5,042	-	-	-	5,042
Gas and oil, vehicles	351	1,947	539	-	2,837	(182)	970	788	3,625
Rent, equipment	1,644	618	501	12	2,775	162	246	408	3,183
Direct material	-	2,500	-	-	2,500	-	-	-	2,500
Income taxes	-	-	2,000	-	2,000	-	-	-	2,000
Award entry fees	-	245	1,720	-	1,965	-	-	-	1,965
Telemarketing	-	-	-	-	-	1,699	-	1,699	1,699
Data processing supplies	27	414	255	-	696	228	233	461	1,157
	<u>\$ 4,780,392</u>	<u>\$ 3,676,914</u>	<u>\$ 3,291,093</u>	<u>\$ 348,008</u>	<u>\$ 12,096,407</u>	<u>\$ 2,657,824</u>	<u>\$ 1,495,035</u>	<u>\$ 4,152,859</u>	<u>\$ 16,249,266</u>

See accompanying notes.

WITF, Inc. and Subsidiary

Consolidated Statement of Functional Expenses - by Natural Classification (continued)

Year Ended June 30, 2021

	Program Services					Support Services			Totals
	Education	Programming and Production	Broadcasting and Income Taxes	Program Information	Total Program Services	Fundraising	Management and General	Total Supporting Services	
Station compensation	\$ 4,471,044	\$ -	\$ -	\$ -	\$ 4,471,044	\$ -	\$ -	\$ -	\$ 4,471,044
Salaries	79,735	768,859	854,048	145,028	1,847,670	881,680	706,122	1,587,802	3,435,472
Depreciation and amortization	5,312	433,030	621,195	6,579	1,066,116	119,952	167,582	287,534	1,353,650
Program acquisition	-	722,519	638,299	-	1,360,818	-	-	-	1,360,818
Direct labor	156,158	431,403	347,809	-	935,370	4,351	-	4,351	939,721
Membership maintenance	-	-	-	-	-	395,483	-	395,483	395,483
Group life and hospitalization	2,181	84,163	122,559	13,069	221,972	71,435	67,563	138,998	360,970
Payroll taxes	10,545	87,176	90,434	11,248	199,403	64,069	48,853	112,922	312,325
Interest expense	803	151,716	43,337	2,907	198,763	39,736	60,540	100,276	299,039
Affiliate dues and fees	-	145,123	49,234	-	194,357	-	19,860	19,860	214,217
Retirement	6,513	59,089	67,961	8,986	142,549	46,652	37,853	84,505	227,054
Power and light	358	90,429	39,756	1,297	131,840	17,732	27,017	44,749	176,589
Maintenance and repairs	1,905	98,297	37,321	969	138,492	25,201	45,162	70,363	208,855
Dues and subscriptions	21	96,286	33,775	4,489	134,571	48,472	27,879	76,351	210,922
Rent, tower site	360	98,967	68,601	-	167,928	-	-	-	167,928
Direct mail promotion	-	-	-	-	-	196,116	-	196,116	196,116
Cost of premiums	4,338	-	-	-	4,338	183,757	-	183,757	188,095
Professional fees	6,176	65,392	33,490	3,797	108,855	33,136	41,199	74,335	183,190
Insurance	895	48,707	21,792	1,150	72,544	12,484	40,097	52,581	125,125
Consulting services	51,803	34,010	18,483	63,000	167,296	5,900	63,788	69,688	236,984
Pledge activity	-	-	-	-	-	121,112	-	121,112	121,112
Banking fees	-	-	121	-	121	55,618	37,540	93,158	93,279
Outside printing	5,604	5,909	110	752	12,375	60,938	36	60,974	73,349
Internet access	2,235	23,343	30,079	-	55,657	12,854	17,259	30,113	85,770
Miscellaneous supplies	71,401	2,133	236	149	73,919	-	484	484	74,403
Travel and entertainment	157	1,593	6,955	-	8,705	602	686	1,288	9,993
Provision for uncollectible accounts	-	(18,366)	-	-	(18,366)	(5,395)	-	(5,395)	(23,761)
Income taxes of subsidiary	-	-	48,000	-	48,000	-	-	-	48,000
Barter expense	-	-	-	7,969	7,969	-	-	-	7,969
Amortization of broadcast rights	-	42,070	-	-	42,070	-	-	-	42,070
Special surveys	-	28,092	16,605	-	44,697	-	-	-	44,697
Other expenses	475	22,353	23,562	-	46,390	341	-	341	46,731
Telephone	417	8,073	11,070	550	20,110	7,730	6,507	14,237	34,347
Training	1,097	1,995	1,226	-	4,318	4,182	2,357	6,539	10,857
Postage	2,164	9,944	1,081	-	13,189	18,884	934	19,818	33,007
Other employee benefits	560	2,850	2,813	344	6,567	2,103	1,676	3,779	10,346
Other building utilities	64	12,051	3,443	231	15,789	3,156	4,809	7,965	23,754
Advertising expense	-	2,011	720	510	3,241	-	-	-	3,241
Recruitment	113	1,759	1,075	-	2,947	969	986	1,955	4,902
Pennsylvania unemployment insurance	526	7,068	5,118	475	13,187	2,713	2,322	5,035	18,222

See accompanying notes.

WITF, Inc. and Subsidiary

Consolidated Statement of Functional Expenses - by Natural Classification (continued)

Year Ended June 30, 2021

	Program Services				Supporting Services			Totals	
	Education	Programming and Production	Broadcasting and Income Taxes	Program Information	Total Program Services	Fundraising	Management and General		Total Supporting Services
Office supplies	\$ 206	\$ 3,667	\$ 1,968	\$ -	\$ 5,841	\$ 2,235	\$ 1,893	\$ 4,128	\$ 9,969
Miscellaneous	296	2,807	1,301	-	4,404	438	1,734	2,172	6,576
Taxes and licenses	-	-	-	-	-	-	5,170	5,170	5,170
Operating expenses of subsidiary, including depreciation expense of \$617	-	-	9,118	-	9,118	-	-	-	9,118
Gas and oil, vehicles	194	1,120	415	-	1,729	-	449	449	2,178
Rent, equipment	697	5,139	1,468	98	7,402	1,346	2,051	3,397	10,799
Direct material	-	-	-	-	-	-	-	-	-
Income taxes	-	-	-	-	-	-	-	-	-
Award entry fees	-	1,495	2,343	-	3,838	-	-	-	3,838
Telemarketing	-	-	-	-	-	31	-	31	31
Data processing supplies	81	1,263	820	-	2,164	695	707	1,402	3,566
	<u>\$ 4,884,434</u>	<u>\$ 3,583,535</u>	<u>\$ 3,257,741</u>	<u>\$ 273,597</u>	<u>\$ 11,999,307</u>	<u>\$ 2,436,708</u>	<u>\$ 1,441,115</u>	<u>\$ 3,877,823</u>	<u>\$ 15,877,130</u>

See accompanying notes.

WITF, Inc. and Subsidiary**Consolidated Statement of Changes in Net Assets**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Net Assets at June 30, 2020	\$ 28,992,303	\$ 1,341,952	\$ 30,334,255
Changes in net assets	<u>10,179,100</u>	<u>599,474</u>	<u>10,778,574</u>
Net Assets at June 30, 2021	39,171,403	1,941,426	41,112,829
Changes in net assets	<u>(4,260,806)</u>	<u>(582,161)</u>	<u>(4,842,967)</u>
Net Assets at June 30, 2022	<u>\$ 34,910,597</u>	<u>\$ 1,359,265</u>	<u>\$ 36,269,862</u>

WITF, Inc. and Subsidiary

Consolidated Statement of Cash Flows

	Years Ended June 30,	
	2022	2021
Cash Flows from Operating Activities		
Changes in net assets	\$ (4,842,967)	\$ 10,778,574
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	1,467,202	1,354,267
Amortization of broadcast rights	1,410,815	1,402,887
Barter revenue	(69,445)	(13,117)
Barter expense	44,145	7,969
Restricted contribution - endowment	-	(1,000,000)
Forgiveness of long-term debt	-	(911,900)
Forgiveness of accrued interest payable	-	(5,497)
In-kind contributions - donated securities	(22,037)	(26,577)
In-kind contributions - donated vehicles	(94,883)	(126,981)
Provision for uncollectible accounts and bad debts	48,220	(23,761)
Change in unamortized discount	(2,640)	(1,376)
(Gain) loss on sale of investments	447,644	(1,146,108)
Provision for valuation allowance for deferred income taxes	50,000	50,000
Proceeds from sale of donated securities	22,037	26,577
Proceeds from sale of donated vehicles	94,883	126,981
Unrealized holding (gains) losses on investments	5,094,481	(5,580,967)
Gain on sale of property and equipment	-	(11,347)
Change in interest in net assets of a community foundation	10,640	(20,293)
Change in deferred income taxes	(2,000)	(2,000)
Change in interest rate swap liability	(27,128)	(480,087)
(Increase) decrease in assets		
Accounts receivable	(22,887)	(36,529)
Grants receivable	101,318	(70,809)
Contracts receivable	11,151	31,635
Inventory and prepaid expenses	(38,135)	(34,042)
Promises to give	44,868	311,145
Increase (decrease) in liabilities		
Accounts payable	96,531	455,824
Accrued payroll and vacation	45,527	33,026
Accrued and withheld payroll taxes	3,772	1,761
Deferred revenue	225,436	(375,837)
Accrued interest payable	2,101	2,285
Charitable gift annuity obligation	(5,775)	(7,615)
Net Cash Provided by Operating Activities	4,092,874	4,708,088

WITF, Inc. and Subsidiary

Consolidated Statement of Cash Flows (continued)

	Years Ended June 30,	
	2022	2021
Cash Flows from Investing Activities		
Capital expenditures	\$ (1,119,742)	\$ (1,382,704)
Purchase of broadcast rights	(1,444,472)	(1,419,178)
Purchase of investments	(903,675)	(2,062,475)
Proceeds from sale of investments	1,253,312	1,015,945
Proceeds from sale of property and equipment	-	11,347
	<u>(2,214,577)</u>	<u>(3,837,065)</u>
Net Cash Used in Investing Activities		
Cash Flows from Financing Activities		
Principal repayments of obligations under capital leases	(7,516)	(2,815)
Restricted contributions - endowment	-	1,000,000
Principal repayments of long-term debt	(723,019)	(701,002)
	<u>(730,535)</u>	<u>296,183</u>
Net Cash Provided by (Used in) Financing Activities		
Net Increase in Cash and Cash Equivalents		
	1,147,762	1,167,206
Cash at Beginning of Year	<u>3,046,508</u>	<u>1,879,302</u>
Cash at End of Year	<u>\$ 4,194,270</u>	<u>\$ 3,046,508</u>
Cash Consists of		
Cash, operating	\$ 3,915,774	\$ 2,691,967
Cash, restricted	278,496	354,541
	<u>\$ 4,194,270</u>	<u>\$ 3,046,508</u>
Supplementary Cash Flows Information		
Interest paid	<u>\$ 285,793</u>	<u>\$ 296,754</u>
Income taxes paid	<u>\$ 2,000</u>	<u>\$ -</u>

Supplementary Schedule of Noncash Investing and Financing Activities**In 2022**

The Organizations included \$546,913 of property and equipment in accounts payable.

The Organizations entered into barter agreements totaling \$57,547.

The Organizations entered into capital lease obligations totaling \$26,258.

In 2021

The Organizations included \$835,841 of property and equipment in accounts payable.

The Organizations entered into barter agreements totaling \$10,569.

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 1 - Nature of Operations

WITF, Inc. (a Pennsylvania nonprofit corporation) (WITF) operates the WITF - TV and FM (television and radio) stations in Harrisburg, Pennsylvania. WITF, Inc. and Subsidiary's (collectively, the 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. During the year ended June 30, 2020, Enterprises discontinued the operations of the Radio PA division. Enterprises derives substantially all of its revenue from advertising sales.

Note 2 - Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows.

Use of Estimates

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the 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' consolidated financial statements and books are maintained on the accrual basis.

Basis of Presentation

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

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations plus equity of the for-profit entity.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that are restricted for a specified purpose or passage of time or are restricted in perpetuity.

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 2 - Summary of Significant Accounting Policies (continued)

Cash

The Organizations consider all highly-liquid investments with original maturities of three months or less to be cash equivalents. There were no cash equivalents as of June 30, 2022 and 2021.

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, 2022 and 2021, management established the allowance for doubtful accounts of \$47,930 and \$38,410, respectively.

Contracts Receivable

WITF enters into program underwriting contracts with various companies to provide underwriting spots through television, radio, 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.

Inventory

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

Broadcast Rights

Program series and other syndicated products are recorded at cost. Generally, these programs and products are amortized on an accelerated basis over the period of the license agreement. Estimated amortization consists of \$68,089 for the year ending June 30, 2023, \$12,609 for the year ending June 30, 2024, and \$2,150 for the year ending June 30, 2025.

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 2 - Summary of Significant Accounting Policies (continued)

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 reasonably anticipated. Management's periodic evaluation of the adequacy of the allowance is based on past experience, aging of the receivables, adverse situations that may affect a donor'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, 2022, 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 net assets without donor restrictions unless their use is 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 net assets without donor restrictions unless their use is 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.

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. WITF's leasehold improvements are depreciated using the straight-line method over the estimated average useful life or term of lease.

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 2 - Summary of Significant Accounting Policies (continued)

Property and Equipment (continued)

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.

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.

Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. An 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 amount. Fair value estimates are based on assumptions concerning the amount and timing of the estimated future cash flows and discount rates reflecting varying degrees of perceived risk. The management of the Organizations concluded that no impairment adjustments were required during the years ended June 30, 2022 and 2021.

Revenue Recognition

Contributions and Underwriting Revenue

WITF recognizes contributions when cash, securities or other assets, an unconditional promise to give, contract receivable or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Underwriting contract receivable that supports an event is conditioned on the event taking place and is therefore recognized as underwriting revenue after delivery of the event.

All contributions are considered to be available for operations unless specifically restricted by the donor.

WITF reports gifts of cash and other assets as support with donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Membership

WITF receives support through membership campaigns at multiple times during the year. There are no significant performance obligations remaining at the time of renewal; therefore, the membership revenue is recognized at the time of renewal on an annual basis. All membership support is considered available for operations unless specifically restricted by the donor.

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 2 - Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Grants

Grant revenue deemed to be a contribution is classified as with donor restrictions when received or receivable. Such grant revenue is not deemed to be in respect of exchange transactions since the proceeds thereof are non-reciprocal, unconditional, and voluntary.

WITF also receives grant revenue, which is deemed to be in respect of exchange transactions and is classified as revenue without donor restrictions or deferred revenue, as appropriate, when received or receivable. Such grant revenue is not deemed to be a contribution since the proceeds thereof are used to pursue objectives of the grantor.

Production Revenue

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.

Donated or Contributed Investments, Services, or Materials

Donated or contributed investments, services, or materials meeting the criteria for recognition, are reflected in the consolidated financial statements as in-kind contributions at their estimated value on the date of receipt. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at the fair value when received.

Functional Expenses

The cost of providing the various programs and other activities are summarized on a functional basis in the consolidated statement of activities and the consolidated statement of functional expenses - by natural classification. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Supporting services include management and general expenses and fundraising costs. Expenses require allocation on a reasonable basis that is consistently applied. Expenses are generally allocated on the basis of estimates of time and effort.

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 2 - Summary of Significant Accounting Policies (continued)

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 accounts receivable, property and equipment, and accrued vacation 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 recorded a valuation allowance of \$250,000 and \$200,000 for the years ended June 30, 2022 and 2021, respectively, due to the uncertainty of 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 consolidated financial statements. 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, 2019.

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 WITF 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 consolidated financial statements. Therefore, no provision or liability for income taxes has been included in the consolidated 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, 2019.

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 with 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 on the consolidated statement of activities as a component of the changes in net assets.

Note 2 - Summary of Significant Accounting Policies (continued)**Change in Accounting Principles**

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. Also, this ASU requires disclosure of a disaggregation of the amount of contributed nonfinancial assets by category that depicts the type of contributed nonfinancial assets as well as additional information around valuation and usage of the contributed nonfinancial assets. The amendments in this standard 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. During the year ended June 30, 2022, the Organizations implemented the provisions of this standard.

Recent Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, and subsequently amended in ASU 2019-10 and 2020-05. The guidance in these ASUs supersedes the leasing guidance in Topic 840, *Leases*, which sets out the principles for the recognition, measurement, presentation, and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases, based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases, and operating leases. The new standard is effective for privately held companies for fiscal years beginning after December 15, 2021, including interim periods within fiscal years beginning after December 15, 2022. The Organizations are currently evaluating the impact of the pending adoption of the new standard on the consolidated financial statements.

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

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's 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. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following valuation techniques were used to measure fair value of assets in the tables on the following pages on a recurring basis as of June 30, 2022 and 2021:

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

Investments in mutual funds - Fair value of mutual funds was based on quoted market prices for the identical security.

Interest in net assets of a community foundation - Fair value of the interest in net assets of a community foundation was based on WITF's ownership interest of the fund as determined by the community foundation. The fund assets were valued based on the performance of underlying investments as well as an administrative fee.

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.

Hedge funds - Fair value of hedge funds was based on estimated fair values provided by an independent administrator. The hedge funds are valued at the net asset value (NAV) of units. The NAV is used as a practical expedient to estimate fair value and is based on the underlying investments held by the funds less its liabilities.

The methods 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 Organizations believe its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 3 - Fair Value of Financial Instruments (continued)

The Organizations' financial instruments also include cash accounts and other receivables, promises to give, accounts payable, charitable gift annuity obligation, and long-term debt. The carrying amounts of cash, accounts and other receivables, and accounts payable, approximate fair values as of June 30, 2022 and 2021 because of the short maturities of those instruments. The carrying amounts of promises to give and charitable gift annuity obligation as of June 30, 2022 and 2021 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, 2022 and 2021 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:

	2022			
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and Cash Equivalents	\$ 595,181	\$ 595,181	\$ -	\$ -
Mutual Funds				
Equity - domestic	13,603,790	13,603,790	-	-
Fixed income	9,935,463	9,935,463	-	-
Equity - international	4,929,376	4,929,376	-	-
Other real assets	5,978	5,978	-	-
Total Mutual Funds	28,474,607	28,474,607	-	-
	29,069,788	\$ 29,069,788	\$ -	\$ -
Alternative Investments (a)				
Hedge fund	1,208,974			
Total Investments	\$ 30,278,762			
Interest in Net Assets of a Community Foundation	\$ 74,330	\$ -	\$ -	\$ 74,330
Interest Rate Swap	\$ (378,654)	\$ -	\$ (378,654)	\$ -

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 3 - Fair Value of Financial Instruments (continued)

	2021			
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and Cash Equivalents	\$ 497,019	\$ 497,019	\$ -	\$ -
Mutual Funds				
Equity - domestic	15,775,034	15,775,034	-	-
Fixed income	11,582,295	11,582,295	-	-
Equity - international	6,595,698	6,595,698	-	-
Other real assets	9,789	9,789	-	-
Total Mutual Funds	33,962,816	33,962,816	-	-
	34,459,835	\$ 34,459,835	\$ -	\$ -
Alternative Investments (a)				
Hedge fund	1,710,689			
Total Investments	\$ 36,170,524			
Interest in Net Assets of a Community Foundation	\$ 84,970	\$ -	\$ -	\$ 84,970
Interest Rate Swap	\$ (405,782)	\$ -	\$ (405,782)	\$ -

(a) This class represents investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient and, therefore, have not been classified in the fair value hierarchy.

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another.

We evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the years ended June 30, 2022 and 2021, there were no transfers in or out of Level 3.

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 3 - Fair Value of Financial Instruments (continued)

The alternative investment hedge funds category is comprised of the following:

The Alphakeys 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 exempt 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. There are no unfunded commitments as of June 30, 2022 and 2021.

Note 4 - Liquidity and Availability

Financial assets available for general expenditures, that is, without donor restrictions or other designations limiting their use, within one year of the consolidated statement of financial position, comprise the following as of June 30:

	<u>2022</u>	<u>2021</u>
Financial Assets		
Cash, operating and restricted	\$ 4,194,270	\$ 3,046,508
Accounts receivable, net	534,797	511,998
Grants receivable	316,438	417,756
Contracts receivable	141,301	152,452
Promises to give, net - current portion	-	58,000
Investments	30,278,762	36,170,524
Estimated distributions from interest in net assets of community foundations	3,223	3,165
Estimated endowment spending-rate distributions and appropriations	1,257,000	1,275,000
Total Financial Assets	<u>36,725,791</u>	<u>41,635,403</u>

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 4 - Liquidity and Availability (continued)

	<u>2022</u>	<u>2021</u>
Amounts Not Available to be Used for General Expenditures Within One Year		
Cash subject to donor restrictions	\$ (278,496)	\$ (354,541)
Grant receivable subject to donor restrictions	(316,438)	(48,050)
Promises to give subject to donor restrictions, current portion	-	(55,000)
Investments subject to donor restrictions	(623,030)	(1,296,023)
Board-designated investments for endowment	<u>(29,484,335)</u>	<u>(34,656,622)</u>
Total Amounts Not Available to be Used for General Expenditures Within One Year	<u>(30,702,299)</u>	<u>(36,410,236)</u>
Financial Assets Available to be Used for General Expenditures Within One Year		
	<u>\$ 6,023,492</u>	<u>\$ 5,225,167</u>

As part of the Organizations' liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

Endowment funds consist of donor-restricted endowments and board-designated endowments. The Organizations' endowment funds are subject to a spending policy as described in Note 11. Donor-restricted endowment funds are not available for general expenditures. The board-designated endowment is also subject to an annual spending rate as discussed in Note 11. Although the Organization does not intend to spend from this board-designated endowment beyond the amounts appropriated per the annual spending policy, these amounts could be made available if necessary with the approval of the Board of Directors.

Note 5 - Cash

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

	<u>2022</u>	<u>2021</u>
Checking, money market, and repurchase accounts	<u>\$ 4,194,270</u>	<u>\$ 3,046,508</u>

Note 6 - Promises to Give

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 are expected to be collected in more than one year, were discounted to present value using a risk-adjusted rate of return as of June 30, 2021. As of June 30, 2022, promises to give - *On Trusted Ground* campaign are considered current.

Promises to give - PA Post represent funds raised for WITF's PA Post digital publication. All promises to give - PA Post as of June 30, 2021 are considered current.

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 6 - Promises to Give (continued)

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

	<u>2022</u>	<u>2021</u>
Promises to give - <i>On Trusted Ground</i> campaign	\$ 109,100	\$ 172,100
Promises to give - PA Post	-	30,000
	<u>109,100</u>	<u>202,100</u>
Unamortized discount	-	(2,640)
Allowance for uncollectible promises to give	<u>(109,100)</u>	<u>(109,100)</u>
	<u>\$ -</u>	<u>\$ 90,360</u>

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

	<u>2022</u>	<u>2021</u>
Receivable in less than one year	\$ 109,100	\$ 167,100
Receivable in one to five years	-	35,000
	<u>\$ 109,100</u>	<u>\$ 202,100</u>
Current portion	\$ -	\$ 58,000
Noncurrent portion	-	32,360
	<u>\$ -</u>	<u>\$ 90,360</u>

Note 7 - Investments

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

	<u>2022</u>			
	<u>Cost</u>	<u>Gross Unrealized</u>		
		<u>Gains</u>	<u>Losses</u>	
Cash and Cash Equivalents	\$ 595,181	\$ -	\$ -	\$ 595,181
Mutual Funds				
Equity - domestic	11,576,399	2,772,488	(745,097)	13,603,790
Fixed income	11,101,033	-	(1,165,570)	9,935,463
Equity - international	5,439,335	23,548	(533,507)	4,929,376
Other real assets	5,563	415	-	5,978
Total Mutual Funds	<u>28,122,330</u>	<u>2,796,451</u>	<u>(2,444,174)</u>	<u>28,474,607</u>

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 7 - Investments (continued)

	2022			
	Cost	Gross Unrealized		Fair Value
		Gains	Losses	
Alternative Investment				
Hedge fund	\$ 665,252	\$ 543,722	\$ -	\$ 1,208,974
	<u>\$ 29,382,763</u>	<u>\$ 3,340,173</u>	<u>\$ (2,444,174)</u>	<u>\$ 30,278,762</u>
	2021			
Cash and Cash Equivalents	\$ 497,019	\$ -	\$ -	\$ 497,019
Mutual Funds				
Equity - domestic	10,565,002	5,210,032	-	15,775,034
Fixed income	11,558,450	227,155	(203,310)	11,582,295
Equity - international	5,708,997	1,047,097	(160,396)	6,595,698
Other real assets	8,466	1,323	-	9,789
Total Mutual Funds	<u>27,840,915</u>	<u>6,485,607</u>	<u>(363,706)</u>	<u>33,962,816</u>
Alternative Investment				
Hedge fund	1,033,134	677,555	-	1,710,689
	<u>\$ 29,371,068</u>	<u>\$ 7,163,162</u>	<u>\$ (363,706)</u>	<u>\$ 36,170,524</u>

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

	2022	2021
Net realized and unrealized gains(losses)	\$ (5,542,125)	\$ 6,727,075
Interest and dividends, net of fees	660,613	774,279
	<u>\$ (4,881,512)</u>	<u>\$ 7,501,354</u>

Long-term investments held as of June 30, 2022 and 2021 are comprised of investments in fixed income and equity securities. The Organizations have recorded total unrealized holding losses on thirty 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.

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 7 - Investments (continued)

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:

	2022					
	Less than Twelve Months		Twelve Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Mutual Funds						
Equity - domestic	\$ 15,489	\$ (2,941)	\$ 255,232	\$ (742,156)	\$ 270,721	\$ (745,097)
Fixed income	6,451,826	(425,158)	3,483,637	(740,412)	9,935,463	(1,165,570)
Equity - international	3,341,502	(533,507)	-	-	3,341,502	(533,507)
	<u>\$ 9,808,817</u>	<u>\$ (961,606)</u>	<u>\$ 3,738,869</u>	<u>\$ (1,482,568)</u>	<u>\$ 13,547,686</u>	<u>\$ (2,444,174)</u>
	2021					
Mutual Funds						
Fixed income	\$ 4,032,984	\$ (203,310)	\$ -	\$ -	\$ 4,032,984	\$ (203,310)
Equity - international	836,992	(160,396)	-	-	836,992	(160,396)
	<u>\$ 4,869,976</u>	<u>\$ (363,706)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,869,976</u>	<u>\$ (363,706)</u>

Note 8 - Property and Equipment

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

	2022	2021
Building	\$ 16,746,449	\$ 16,746,449
Broadcasting equipment	8,298,230	8,247,509
DTV equipment	2,600,877	2,088,618
Production equipment	2,454,871	2,443,694
Land *	1,542,360	1,542,360
Office equipment	1,406,348	1,254,237
Leasehold improvements	1,153,309	1,053,924
Furniture and fixtures	847,405	837,980
Donated equipment	603,920	603,920
FM equipment	190,338	184,558
Trucks	150,947	150,947
Uplink equipment	145,746	129,532
Building improvements	54,147	54,147
Domain name	6,000	6,000
	<u>36,200,947</u>	<u>35,343,875</u>
Accumulated depreciation and amortization	<u>(21,899,829)</u>	<u>(20,432,627)</u>
	<u>\$ 14,301,118</u>	<u>\$ 14,911,248</u>

* Not depreciated

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 8 - Property and Equipment (continued)

Depreciation and amortization expense amounted to \$1,467,202 and \$1,354,267 for the years ended June 30, 2022 and 2021, 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 9 - 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 FCC 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 FCC license to transmit on WROG-FM amounted to \$875,000.

Note 10 - Interest in Net Assets of a Community Foundation

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

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 funds created by WITF are reflected in the consolidated statement of financial position as interest in net assets of a community foundation. Through June 30, 2022 and 2021, WITF has contributed \$62,267 to the funds. Future contributions are at the discretion of the Board of Directors of WITF. The fair value of WITF's interest in net assets of a community foundation amounted to \$74,330 and \$84,970 as of June 30, 2022 and 2021, respectively.

Note 11 - 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 (U.S. GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 11 - Endowments (continued)

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 net assets with donor restrictions (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, which includes unrealized gains or losses on investments. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions, which includes interest and dividends and realized gains or losses on sale of investments, net of fees, is classified as net assets without donor restrictions or net assets with donor restrictions 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:

- a) The duration and preservation of the fund
- b) The purposes of the organization and the donor-restricted endowment fund
- c) General economic conditions
- d) The possible effect of inflation and deflation
- e) The expected total return from income and appreciation of investments
- f) Other resources of WITF
- g) The investment policies of WITF

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

	<u>2022</u>	<u>2021</u>
Without donor restrictions	\$ 29,558,665	\$ 34,741,592
With donor restrictions	<u>623,030</u>	<u>1,296,023</u>
	<u>\$ 30,181,695</u>	<u>\$ 36,037,615</u>

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 11 - 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. The relevant state law has no requirement to restore donor-restricted fund deficiencies and accounting standards provided that the generally accepted rule of reporting such deficiencies as net assets without donor restrictions should be applied only in the absence of donor stipulations or laws to the contrary. The Organizations have interpreted state law to allow spending of the original principal with no requirement to restore fund deficiencies to the original value. As such, the Organizations have no underwater endowments as of June 30, 2022 and 2021. Any fund deficiencies are reported as reductions to net assets with donor restrictions.

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 and board 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:

- a) Maximize long-term return goals
- b) Preserve the real long-term purchasing power of the endowment funds' portfolio's principal
- c) Optimize annual distribution from the endowment funds' portfolio
- d) Promote accountability of asset management
- e) Promote the Organizations' fundraising efforts

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 11 - Endowments (continued)

Endowment Spending Policy and How the Investment Objectives Relate to the Spending Policy (continued)

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 4.0% of the fair market value of the fund assets determined June 30 of each year based on a three-year moving average, or as the Board of Directors may determine. 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. For both of the years ended June 30, 2022 and 2021, the Board of Directors approved a spending rate of 4.0%.

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:

	<u>2022</u>	<u>2021</u>
Office equipment	\$ 33,758	\$ 11,832
Accumulated depreciation	<u>(9,376)</u>	<u>(9,149)</u>
	<u>\$ 24,382</u>	<u>\$ 2,683</u>
Amortization expense	<u>\$ 4,559</u>	<u>\$ 2,367</u>
Interest expense	<u>\$ 4,430</u>	<u>\$ 735</u>

The amortization expense on capital leases is included in the amount of depreciation and amortization expense reported in Note 8.

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 three years ending June 30:

2023	\$ 12,489
2024	12,082
2025	<u>3,076</u>
	27,647
Amount representing interest	<u>(6,228)</u>
	<u>\$ 21,419</u>
Current portion	\$ 8,445
Noncurrent portion	<u>12,974</u>
	<u>\$ 21,419</u>

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 13 - Long-Term Debt

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) which established the Paycheck Protection Program (the Program). The Program was created to assist small businesses in paying their employees and certain other expenses during the COVID-19 crisis (refer to Note 24). WITF applied for a loan under this Program and received from PNC Bank a loan in the amount of \$911,900 on April 13, 2020. The loan was forgivable if WITF met certain criteria as established under the Program. Interest on the loan was a fixed rate of 1.00%. During the year ended June 30, 2021, the Organizations received full forgiveness of the loan of \$911,900 and of accrued interest of \$5,497.

On December 27, 2019, WITF entered into an agreement for \$13,000,000 with PNC Bank, which refinanced an outstanding note payable with Citizen's Bank. The loan requires varying annual principal repayments, with all outstanding principal due on the maturity date of December 27, 2029. Additionally, the loan requires monthly interest payments, the amount of which is determined based on a rate of 30-day LIBOR, plus 110 points, which was 1.19% as of June 30, 2021. An amended agreement dated June 8, 2022 changes interest to a variable rate of Daily Simple Secured Overnight Financing Rate (SOFR), plus 131 basis points, which was 2.16% as of June 30, 2022. All accrued and unpaid interest will be due on the maturity date. The loan is collateralized by assets of WITF, including investments and property.

As part of the agreement with PNC Bank, WITF also entered into a revolving line of credit for \$2,500,000. Interest on any outstanding balance will be based on a rate of 30-day LIBOR, plus 110 basis points. An amended agreement dated June 8, 2022 increases the line to \$4,000,000 and changes interest to a variable rate of Daily Simple SOFR, plus 131 basis points, which was 2.16% as of June 30, 2022. The expiration date of the line is December 31, 2022. There were no borrowings on the line as of June 30, 2022 and 2021.

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

	<u>2022</u>	<u>2021</u>
PNC Bank	\$ 11,289,015	\$ 12,012,034
Current maturities of long-term debt	<u>(745,682)</u>	<u>(723,019)</u>
	<u>\$ 10,543,333</u>	<u>\$ 11,289,015</u>

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 and thereafter:

2023	\$ 745,682
2024	766,561
2025	794,036
2026	818,803
2027	843,687
Thereafter	<u>7,320,246</u>
	<u>\$ 11,289,015</u>

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 13 - Long-Term Debt (continued)

In order to achieve a fixed interest rate on a portion of the PNC Bank variable rate debt, WITF entered into an interest rate swap agreement that began on January 2, 2020 and ends on January 1, 2035. The agreement provided for WITF to pay a fixed rate of interest of 1.95% applied to the notional amount of the swap to the counterparty to the agreement and receive a variable rate of USD-LIBOR-BBA-Bloomberg 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 \$8,000,000 at the beginning of the agreement and will decrease to \$55,457 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:

	2022	
	Presentation on Consolidated Statement of Financial Position	Presentation on Consolidated Statement of Activities (Without Donor Restrictions)
	Interest Rate Swap Liability	Change in Fair Value of Interest Rate Swap
Interest rate swap (2020)	<u>\$ 378,654</u>	<u>\$ 27,128</u>
	2021	
Interest rate swap (2020)	<u>\$ 405,782</u>	<u>\$ 480,087</u>

Interest expense amounted to \$287,894 and \$299,039 for the years ended June 30, 2022 and 2021, respectively.

Long-term debt includes an agreement that contains restrictive covenants which, among other things, requires the Organizations to maintain a minimum liquidity ratio. For the year ended June 30, 2022, the Organizations were in compliance with this covenant.

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 14 - 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. 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 3.60%. The value of the gift annuities received over the calculated liability is recognized as contribution revenue without donor restrictions. There were no new gift annuities during the years ended June 30, 2022 and 2021. 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 \$76,483 and \$82,258 as of June 30, 2022 and 2021, respectively.

Note 15 - Commitments

WITF leases various operating facilities and equipment under operating leases. Future minimum lease payments, assuming no change in current terms, and including the subsequent event disclosed in Note 26, consist of the following for the remaining five years ending June 30 and thereafter:

2023	\$	136,396
2024		141,022
2025		145,806
2026		150,753
2027		155,868
Thereafter		612,789

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 remaining five years ending June 30:

2023	\$	213,372
2024		54,378
2025		6,915
2026		3,536
2027		1,489

Rent expense amounted to \$180,536 and \$168,238 for the years ended June 30, 2022 and 2021, respectively, excluding sublease income of \$199,746 and \$196,283, 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 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.

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 15 - Commitments (continued)

Deferred revenue on the above leases amounted to \$1,230,381 and \$1,575,644 as of June 30, 2022 and 2021, respectively. Rental income on the above leases amounted to \$1,283,547 for each of the years ended June 30, 2022 and 2021.

Future minimum lease payments, assuming no change in current terms, consist of the following for the five years ending June 30 and thereafter:

2023	\$	965,280
2024		994,238
2025		1,024,065
2026		1,054,787
2027		1,086,431
Thereafter		<u>13,387,272</u>
	\$	<u>18,512,073</u>

Note 16 - Net Assets without Donor Restrictions

The Organizations' net assets without donor restrictions consist of undesignated and board-designated amounts for the following purposes as of June 30:

	<u>2022</u>	<u>2021</u>
Undesignated	\$ 5,351,932	\$ 4,429,811
Board-designated for Endowment	<u>29,558,665</u>	<u>34,741,592</u>
	<u>\$ 34,910,597</u>	<u>\$ 39,171,403</u>

Note 17 - Net Assets with Donor Restrictions

The Organizations' net assets with donor restrictions are restricted for the following purposes or periods as of June 30:

	<u>2022</u>	<u>2021</u>
Subject to the passage of time		
Grant receivable - Democracy Reporter	\$ 150,000	\$ -
Television and radio underwriting contracts	141,301	152,452
Grant receivable - educational events	112,500	-
Grant receivable - America Amplified	20,000	-
Grant receivable - Report for America	18,938	27,450
Grant receivable - <i>StateImpact PA</i>	15,000	18,100
Promises to give - <i>On Trusted Ground</i> campaign	-	60,360
Promises to give - PA Post	-	30,000
Grant receivable - other	-	2,500

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 17 - Net Assets with Donor Restrictions (continued)

	<u>2022</u>	<u>2021</u>
Subject to expenditures for a specific purpose		
Cash - educational events	\$ 126,750	\$ 283,601
Cash - EITC	81,885	-
Cash - Democracy Reporter	36,420	-
Cash - <i>StateImpact PA</i>	25,000	50,000
Cash - other	8,441	6,249
Cash - Media Literacy	-	14,691
Perpetual in nature		
Endowment investments	<u>623,030</u>	<u>1,296,023</u>
	<u>\$ 1,359,265</u>	<u>\$ 1,941,426</u>

Note 18 - In-Kind Contributions

In-kind contributions consist of the following for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Vehicles	\$ 94,883	\$ 126,981
Investment securities	<u>22,037</u>	<u>26,577</u>
	<u>116,920</u>	<u>153,558</u>

Vehicles are valued at sales price received, which is deemed by management to fairly represent the market value of the contributed asset. It is WITF's policy to sell donated vehicles immediately upon receipt. If there are any associated donor restrictions, the proceeds from the sale of the vehicles are included with net assets with donor restrictions until spent. There are no associated donor restrictions related to the proceeds received on the donated vehicles during the years ended June 30, 2022 and 2021.

Investment securities are valued at market value on the date contributed. Fair value was based on quoted market prices for the identical securities. It is WITF's policy to sell contributed securities immediately upon receipt. If there are any associated donor restrictions, the proceeds from the sale of the securities are included with net assets with donor restrictions until spent. There are no associated donor restrictions related to the proceeds received on the donated securities during the years ended June 30, 2022 and 2021.

During the years ended June 30, 2022 and 2021, a substantial number of individual volunteers donated significant amounts of time to the Organizations' programs and administrative functions. These services do not meet the criteria for recognition as contributed services and are not reflected in the accompanying consolidated financial statements.

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 19 - Retirement

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, 2022 and 2021 amounted to \$235,637 and \$227,054, respectively.

Note 20 - Income Taxes

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

	<u>2022</u>	<u>2021</u>
Deferred tax expense (benefit), excluding effects of the following	\$ -	\$ -
Benefit of net operating loss carryforwards	<u>(2,000)</u>	<u>(2,000)</u>
	<u>\$ (2,000)</u>	<u>\$ (2,000)</u>

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:

	<u>2022</u>		
	<u>Federal</u>	<u>State</u>	<u>Total</u>
Deferred income tax assets	\$ 607,000	\$ 348,000	\$ 955,000
Valuation allowance	<u>(159,000)</u>	<u>(91,000)</u>	<u>(250,000)</u>
	<u>\$ 448,000</u>	<u>\$ 257,000</u>	<u>\$ 705,000</u>
	<u>2021</u>		
Deferred income tax assets	\$ 606,000	\$ 347,000	\$ 953,000
Valuation allowance	<u>(127,000)</u>	<u>(73,000)</u>	<u>(200,000)</u>
	<u>\$ 479,000</u>	<u>\$ 274,000</u>	<u>\$ 753,000</u>

Enterprises has federal net operating loss carryforwards of \$3,239,474 and state net operating loss carryforwards of \$3,486,352.

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 20 - Income Taxes (continued)

The net operating losses will expire as follows through the years ending June 30, 2042:

	<u>Federal</u>	<u>State</u>
2030	\$ 191,129	\$ 438,007
2031	9,533	9,533
2035	788,378	788,378
2036	1,024,272	1,024,272
2037	418,340	418,340
2038	432,760	432,760
2039	-	347,592
2040	-	14,478
2041	-	8,567
2042	-	4,425
	<u>\$ 2,864,412</u>	<u>\$ 3,486,352</u>

Additionally, Enterprises has federal net operating loss carryforwards of \$375,062 that will not expire under current tax guidance.

Note 21 - 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 is 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.

The grants are reported on the accompanying consolidated financial statements 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 FCC.

Community Service Grants received during the years ended June 30, 2022 and 2021 amounted to \$1,159,534 and \$1,138,711, respectively.

Note 22 - Concentrations of Cash and Credit Risk

At times during the years ended June 30, 2022 and 2021, the Organizations' cash balances may have exceeded the federally insured limit of \$250,000.

The interest rate swap (refer to Note 13) 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.

WITF, Inc. and Subsidiary

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 23 - Related Parties

The Organizations have related party transactions with members of its board of directors, which amounted to the following for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Revenue		
Contributions	\$ 41,221	\$ 39,536
Expenses		
Travel and entertainment	1,328	-

Additionally, one of the Organizations' directors holds a management position at the bank where deposit and loan accounts are held. The Board of Directors has reviewed the transactions and has determined that the services provided are being charged at or below fair value.

Note 24 - Risks and Uncertainties

On January 30, 2021, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. The actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economy, financial markets, public support, and the geographical area in which the Organizations operate. It is unknown how long these conditions will last and what the complete financial effect will be to the Organizations.

Additionally, it is reasonably possible that estimates made in the consolidated financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions.

Note 25 - Reclassifications

Certain information in the 2021 consolidated financial statements and related footnotes contain reclassifications necessary to make that information comparable to information presented in the 2022 consolidated financial statements. There was no change to total changes in net assets or total net assets.

Note 26 - Subsequent Events

The Organizations have evaluated subsequent events through October 12, 2022. This date is the date the consolidated financial statements were available to be issued. The following events subsequent to June 30, 2022 were noted:

On July 6, 2022, WITF purchased 7,193 shares of common stock in Contributor Development Partnership (Partnership) for a total investment of \$1,000,043. The Partnership provides fundraising solutions to public radio stations.

In August 2022, the Organizations provided a letter of intention to renew an operating lease for an additional five years (refer to Note 15).

No other material events subsequent to June 30, 2022 were noted.

WITF, Inc. and Subsidiary

Consolidating Schedule of Financial Position Information

	June 30, 2022			
	WITF, Inc.	WITF Enterprises, Inc.	Eliminations	Totals
Assets				
Current Assets				
Cash, operating	\$ 3,915,023	\$ 751	\$ -	\$ 3,915,774
Cash, restricted	278,496	-	-	278,496
Accounts receivable, net	534,797	-	-	534,797
Grants receivable	316,438	-	-	316,438
Contracts receivable	141,301	-	-	141,301
Inventory and prepaid expenses	222,843	-	-	222,843
Broadcast rights	82,848	-	-	82,848
Promises to give, net	-	-	-	-
Investments	9,216,829	-	-	9,216,829
Due from WITF Enterprises, Inc.	3,101,902	-	(3,101,902)	-
Total Current Assets	17,810,477	751	(3,101,902)	14,709,326
Property and Equipment, Net	14,299,668	1,450	-	14,301,118
Other Assets				
Investments	21,061,933	-	-	21,061,933
Station license	910,000	-	-	910,000
Deferred income taxes, net	-	705,000	-	705,000
Interest in net assets of a community foundation	74,330	-	-	74,330
Promises to give, net	-	-	-	-
Investment in affiliates	(2,394,701)	-	2,394,701	-
Total Other Assets	19,651,562	705,000	2,394,701	22,751,263
Total Assets	\$ 51,761,707	\$ 707,201	\$ (707,201)	\$ 51,761,707

WITF, Inc. and Subsidiary

Consolidating Schedule of Financial Position Information (continued)

	June 30, 2022			
	WITF, Inc.	WITF Enterprises, Inc.	Eliminations	Totals
Liabilities and Net Assets/ Stockholder's Equity (Deficit)				
Current Liabilities				
Current maturities of long-term debt	\$ 745,682	\$ -	\$ -	\$ 745,682
Current portion of obligations under capital leases	8,445	-	-	8,445
Accounts payable	1,388,687	-	-	1,388,687
Accrued payroll and vacation	416,188	-	-	416,188
Accrued and withheld payroll taxes	15,158	-	-	15,158
Deferred revenue	1,865,748	-	-	1,865,748
Accrued interest payable	25,479	-	-	25,479
Broadcast rights	-	-	-	-
Due to WITF, Inc.	-	3,101,902	(3,101,902)	-
Total Current Liabilities	4,465,387	3,101,902	(3,101,902)	4,465,387
Other Liabilities				
Long-term debt	10,543,333	-	-	10,543,333
Interest rate swap liability	378,654	-	-	378,654
Deferred revenue	15,014	-	-	15,014
Charitable gift annuity obligation	76,483	-	-	76,483
Obligations under capital leases	12,974	-	-	12,974
Total Other Liabilities	11,026,458	-	-	11,026,458
Total Liabilities	15,491,845	3,101,902	(3,101,902)	15,491,845
Net Assets				
Without donor restrictions	34,910,597	-	-	34,910,597
With donor restrictions	1,359,265	-	-	1,359,265
Total Net Assets	36,269,862	-	-	36,269,862
Stockholder's Equity (Deficit)				
Common stock	-	100	(100)	-
Paid-in capital	-	503,189	(503,189)	-
Retained earnings	-	(2,897,990)	2,897,990	-
Total Stockholder's Equity (Deficit)	-	(2,394,701)	2,394,701	-
Total Net Assets/ Stockholder's Equity (Deficit)	36,269,862	(2,394,701)	2,394,701	36,269,862
Total Liabilities and Net Assets/Stockholder's Equity (Deficit)	\$ 51,761,707	\$ 707,201	\$ (707,201)	\$ 51,761,707

WITF, Inc. and Subsidiary

Consolidating Schedule of Financial Position Information (continued)

	June 30, 2021			
	WITF, Inc.	WITF Enterprises, Inc.	Eliminations	Totals
Assets				
Current Assets				
Cash, operating	\$ 2,691,266	\$ 701	\$ -	\$ 2,691,967
Cash, restricted	354,541	-	-	354,541
Accounts receivable, net	511,998	-	-	511,998
Grants receivable	417,756	-	-	417,756
Contracts receivable	152,452	-	-	152,452
Inventory and prepaid expenses	171,306	-	-	171,306
Broadcast rights	55,017	-	-	55,017
Promises to give, net	58,000	-	-	58,000
Investments	10,851,299	-	-	10,851,299
Due from WITF Enterprises, Inc.	3,097,427	-	(3,097,427)	-
Total Current Assets	18,361,062	701	(3,097,427)	15,264,336
Property and Equipment, Net	14,909,181	2,067	-	14,911,248
Other Assets				
Investments	25,319,225	-	-	25,319,225
Station license	910,000	-	-	910,000
Deferred income taxes, net	-	753,000	-	753,000
Interest in net assets of a community foundation	84,970	-	-	84,970
Promises to give, net	32,360	-	-	32,360
Investment in affiliates	(2,341,659)	-	2,341,659	-
Total Other Assets	24,004,896	753,000	2,341,659	27,099,555
Total Assets	\$ 57,275,139	\$ 755,768	\$ (755,768)	\$ 57,275,139

WITF, Inc. and Subsidiary

Consolidating Schedule of Financial Position Information (continued)

	June 30, 2021			
	WITF, Inc.	WITF Enterprises, Inc.	Eliminations	Totals
Liabilities and Net Assets/ Stockholder's Equity (Deficit)				
Current Liabilities				
Current maturities of long-term debt	\$ 723,019	\$ -	\$ -	\$ 723,019
Current portion of obligations under capital leases	2,274	-	-	2,274
Accounts payable	1,581,084	-	-	1,581,084
Accrued payroll and vacation	370,661	-	-	370,661
Accrued and withheld payroll taxes	11,386	-	-	11,386
Deferred revenue	1,375,128	-	-	1,375,128
Accrued interest payable	23,378	-	-	23,378
Broadcast rights	5,826	-	-	5,826
Due to WITF, Inc.	-	3,097,427	(3,097,427)	-
Total Current Liabilities	4,092,756	3,097,427	(3,097,427)	4,092,756
Other Liabilities				
Long-term debt	11,289,015	-	-	11,289,015
Interest rate swap liability	405,782	-	-	405,782
Deferred revenue	292,096	-	-	292,096
Charitable gift annuity obligation	82,258	-	-	82,258
Obligations under capital leases	403	-	-	403
Total Other Liabilities	12,069,554	-	-	12,069,554
Total Liabilities	16,162,310	3,097,427	(3,097,427)	16,162,310
Net Assets				
Without donor restrictions	39,171,403	-	-	39,171,403
With donor restrictions	1,941,426	-	-	1,941,426
Total Net Assets	41,112,829	-	-	41,112,829
Stockholder's Equity (Deficit)				
Common stock	-	100	(100)	-
Paid-in capital	-	503,189	(503,189)	-
Retained earnings	-	(2,844,948)	2,844,948	-
Total Stockholder's Equity (Deficit)	-	(2,341,659)	2,341,659	-
Total Net Assets/ Stockholder's Equity (Deficit)	41,112,829	(2,341,659)	2,341,659	41,112,829
Total Liabilities and Net Assets/Stockholder's Equity (Deficit)	\$ 57,275,139	\$ 755,768	\$ (755,768)	\$ 57,275,139

WITF, Inc. and Subsidiary

Consolidating Schedule of Activities Information

	Year Ended June 30, 2022					
	WITF, Inc.			WITF Enterprises, Inc.	Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Total			
Revenue						
Contributions	\$ 10,545,466	\$ 558,183	\$ 11,103,649	\$ -	\$ -	\$ 11,103,649
Fees and rentals	4,029,789	-	4,029,789	-	-	4,029,789
Program underwriting	-	1,019,677	1,019,677	-	-	1,019,677
Interest income, net of fees	666,355	-	666,355	-	-	666,355
In-kind contributions	116,920	-	116,920	-	-	116,920
Net assets released from restrictions	1,487,028	(1,487,028)	-	-	-	-
Gain on sale of property and equipment	-	-	-	-	-	-
Investment in subsidiary income	(53,042)	-	(53,042)	-	53,042	-
Loss on sale of investments	(447,644)	-	(447,644)	-	-	(447,644)
Total Revenue	16,344,872	90,832	16,435,704	-	53,042	16,488,746
Expenses						
Education	4,780,392	-	4,780,392	-	-	4,780,392
Programming and production	3,676,914	-	3,676,914	-	-	3,676,914
Broadcasting	3,236,051	-	3,236,051	5,042	-	3,241,093
Fundraising	2,657,824	-	2,657,824	-	-	2,657,824
Management and general	1,495,035	-	1,495,035	-	-	1,495,035
Program information	348,008	-	348,008	-	-	348,008
Income taxes	2,000	-	2,000	48,000	-	50,000
Total Expenses	16,196,224	-	16,196,224	53,042	-	16,249,266
Excess (Deficiency) of Revenue over (under) Expenses	148,648	90,832	239,480	(53,042)	53,042	239,480
Change in Interest in Net Assets of a Community Foundation	(10,640)	-	(10,640)	-	-	(10,640)
Unrealized Holding Losses on Investments	(4,421,488)	(672,993)	(5,094,481)	-	-	(5,094,481)
Change in Fair Value of Interest Rate Swap	27,128	-	27,128	-	-	27,128
Change in Charitable Gift Annuity Obligation	(4,454)	-	(4,454)	-	-	(4,454)
Forgiveness of Long-Term Debt and Accrued Interest	-	-	-	-	-	-
Changes in Net Assets/Net Loss	\$ (4,260,806)	\$ (582,161)	\$ (4,842,967)	\$ (53,042)	\$ 53,042	\$ (4,842,967)

WITF, Inc. and Subsidiary

Consolidating Schedule of Activities Information (continued)

	Year Ended June 30, 2021					
	WITF, Inc.			WITF Enterprises, Inc.	Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Total			
Revenue						
Contributions	\$ 12,202,306	\$ 1,387,669	\$ 13,589,975	\$ -	\$ -	\$ 13,589,975
Fees and rentals	3,180,262	-	3,180,262	-	-	3,180,262
Program underwriting	-	804,539	804,539	-	-	804,539
Interest income, net of fees	776,304	-	776,304	1	-	776,305
In-kind contributions	153,558	-	153,558	-	-	153,558
Net assets released from restrictions	1,546,604	(1,546,604)	-	-	-	-
Gain on sale of property and equipment	11,347	-	11,347	-	-	11,347
Investment in subsidiary income	(57,117)	-	(57,117)	-	57,117	-
Gain on sale of investments	1,146,108	-	1,146,108	-	-	1,146,108
Total Revenue	18,959,372	645,604	19,604,976	1	57,117	19,662,094
Expenses						
Education	4,884,434	-	4,884,434	-	-	4,884,434
Programming and production	3,583,535	-	3,583,535	-	-	3,583,535
Broadcasting	3,200,623	-	3,200,623	9,118	-	3,209,741
Fundraising	2,436,708	-	2,436,708	-	-	2,436,708
Management and general	1,441,115	-	1,441,115	-	-	1,441,115
Program information	273,597	-	273,597	-	-	273,597
Income taxes	-	-	-	48,000	-	48,000
Total Expenses	15,820,012	-	15,820,012	57,118	-	15,877,130
Excess (Deficiency) of Revenue over (under) Expenses	3,139,360	645,604	3,784,964	(57,117)	57,117	3,784,964
Change in Interest in Net Assets of a Community Foundation	20,293	-	20,293	-	-	20,293
Unrealized Holding Gains (Losses) on Investments	5,627,097	(46,130)	5,580,967	-	-	5,580,967
Change in Fair Value of Interest Rate Swap	480,087	-	480,087	-	-	480,087
Change in Charitable Gift Annuity Obligation	(5,134)	-	(5,134)	-	-	(5,134)
Forgiveness of Long-Term Debt and Accrued Interest	917,397	-	917,397	-	-	917,397
Changes in Net Assets/Net Loss	\$ 10,179,100	\$ 599,474	\$ 10,778,574	\$ (57,117)	\$ 57,117	\$ 10,778,574

WITF, Inc. and Subsidiary

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

	Years Ended June 30, 2022 and 2021									
	WITF, Inc.			WITF Enterprises, Inc.						
	Without Donor Restrictions	With Donor Restrictions	Totals	Common Stock	Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings (Deficit)	Totals	Eliminations	Totals
Net Assets/Stockholder's Equity (Deficit), June 30, 2020	\$ 28,992,303	\$ 1,341,952	\$ 30,334,255	\$ 100	\$ 503,189	\$ -	\$ (2,787,831)	\$ (2,284,542)	\$ 2,284,542	\$ 30,334,255
Changes in net assets/net loss	10,179,100	599,474	10,778,574	-	-	-	(57,117)	(57,117)	57,117	10,778,574
Net Assets/Stockholder's Equity (Deficit), June 30, 2021	39,171,403	1,941,426	41,112,829	100	503,189	-	(2,844,948)	(2,341,659)	2,341,659	41,112,829
Changes in net assets/net loss	<u>(4,260,806)</u>	<u>(582,161)</u>	<u>(4,842,967)</u>	-	-	-	<u>(53,042)</u>	<u>(53,042)</u>	<u>53,042</u>	<u>(4,842,967)</u>
Net Assets/Stockholder's Equity (Deficit), June 30, 2022	<u>\$ 34,910,597</u>	<u>\$ 1,359,265</u>	<u>\$ 36,269,862</u>	<u>\$ 100</u>	<u>\$ 503,189</u>	<u>\$ -</u>	<u>\$ (2,897,990)</u>	<u>\$ (2,394,701)</u>	<u>\$ 2,394,701</u>	<u>\$ 36,269,862</u>

WITF, Inc. and Subsidiary

Consolidating Schedule of Revenue Information

	Year Ended June 30, 2022			
	WITF			
	WITF, Inc.	Enterprises, Inc.	Eliminations	Totals
Other grants	\$ 6,079,932	\$ -	\$ -	\$ 6,079,932
Memberships	2,493,129	-	-	2,493,129
Program revenue	1,414,337	-	-	1,414,337
Educational Broadband Service	1,283,547	-	-	1,283,547
Federal grants	1,227,444	-	-	1,227,444
Program underwriting	1,019,677	-	-	1,019,677
Satellite uplink services	970,487	-	-	970,487
Interest income, net of fees	666,355	-	-	666,355
Special gifts	631,233	-	-	631,233
Cash contributions	519,202	-	-	519,202
Tower rental	199,746	-	-	199,746
State grants	125,000	-	-	125,000
In-kind contributions	116,920	-	-	116,920
Equipment rental	74,740	-	-	74,740
Miscellaneous income	78,210	-	-	78,210
TV revenue	25,069	-	-	25,069
School district revenue	6,895	-	-	6,895
Fundraising campaign	2,640	-	-	2,640
Special events	1,750	-	-	1,750
Sale of premiums	77	-	-	77
Investment in subsidiary income	(53,042)	-	53,042	-
Gain on sale of property and equipment	-	-	-	-
Teleconference revenue	-	-	-	-
Loss on sale of investments	(447,644)	-	-	(447,644)
	<u>\$ 16,435,704</u>	<u>\$ -</u>	<u>\$ 53,042</u>	<u>\$ 16,488,746</u>

WITF, Inc. and Subsidiary

Consolidating Schedule of Revenue Information (continued)

	Year Ended June 30, 2021			
	WITF			
	WITF, Inc.	Enterprises, Inc.	Eliminations	Totals
Other grants	\$ 6,700,068	\$ -	\$ -	\$ 6,700,068
Memberships	2,565,262	-	-	2,565,262
Program revenue	720,066	-	-	720,066
Educational Broadband Service	1,283,547	-	-	1,283,547
Federal grants	1,830,777	-	-	1,830,777
Program underwriting	804,539	-	-	804,539
Satellite uplink services	869,526	-	-	869,526
Interest income, net of fees	776,304	1	-	776,305
Special gifts	587,087	-	-	587,087
Cash contributions	1,786,668	-	-	1,786,668
Tower rental	196,283	-	-	196,283
State grants	107,143	-	-	107,143
In-kind contributions	153,558	-	-	153,558
Equipment rental	70,943	-	-	70,943
Miscellaneous income	35,244	-	-	35,244
TV revenue	11,594	-	-	11,594
School district revenue	3,940	-	-	3,940
Fundraising campaign	1,376	-	-	1,376
Special events	-	-	-	-
Sale of premiums	213	-	-	213
Investment in subsidiary income	(57,117)	-	57,117	-
Gain on sale of property and equipment	11,347	-	-	11,347
Teleconference revenue	500	-	-	500
Gain on sale of investments	1,146,108	-	-	1,146,108
	<u>\$ 19,604,976</u>	<u>\$ 1</u>	<u>\$ 57,117</u>	<u>\$ 19,662,094</u>

WITF, Inc. and Subsidiary

Schedule of Activities Information - TV and FM

	Year Ended June 30, 2022		
	TV	FM	Consolidated
Revenue			
Contributions	\$ 9,163,438	\$ 1,940,211	\$ 11,103,649
Fees and rentals	3,778,814	250,975	4,029,789
Program underwriting	369,111	650,566	1,019,677
Interest income, net of fees	588,615	77,740	666,355
In-kind contributions	75,998	40,922	116,920
Gain on sale of property and equipment	-	-	-
Loss on sale of investments	(290,969)	(156,675)	(447,644)
Total Revenue	13,685,007	2,803,739	16,488,746
Expenses			
Education	4,502,826	277,566	4,780,392
Programming and production	3,676,914	-	3,676,914
Broadcasting	-	3,241,093	3,241,093
Fundraising	1,660,555	997,269	2,657,824
Management and general	950,491	544,544	1,495,035
Program information	226,206	121,802	348,008
Income taxes	2,000	48,000	50,000
Total Expenses	11,018,992	5,230,274	16,249,266
Excess (Deficiency) of Revenue over Expenses	2,666,015	(2,426,535)	239,480
Change in Interest in Net Assets of a Community Foundation	(6,916)	(3,724)	(10,640)
Unrealized Holding Losses on Investments	(3,311,413)	(1,783,068)	(5,094,481)
Change in Fair Value of Interest Rate Swap	17,633	9,495	27,128
Change in Charitable Gift Annuity Obligation	(2,894)	(1,560)	(4,454)
Forgiveness of Long-Term Debt and Accrued Interest	-	-	-
Changes in Net Assets	\$ (637,575)	\$ (4,205,392)	\$ (4,842,967)

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of WITF, Inc. and Subsidiary (collectively, the Organizations), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses - by natural classification, changes in net assets, and cash flows for the year then ended, and the related consolidated notes to the financial statements, and have issued our report thereon dated October 12, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organizations' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organizations' internal control. Accordingly, we do not express an opinion on the effectiveness of the Organizations' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organizations' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RKL LLP

October 12, 2022
Harrisburg, Pennsylvania

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited WITF, Inc. and Subsidiary (collectively, the Organizations) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the Organizations' major federal programs for the year ended June 30, 2022. The Organizations' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organizations complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organizations and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organizations' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organizations' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organizations' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organizations' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organizations' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Organizations' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organizations' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RKL LLP

October 12, 2022
Harrisburg, Pennsylvania

WITF, Inc. and Subsidiary

Consolidated Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Grantor Information Number	Federal Assistance Listing Number	Passed Through to Subrecipients	Federal Expenditures
Department of the Treasury				
Passed through Pennsylvania Department of Community and Economic Development COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	C000082283	21.027	\$ -	\$ 125,000
U.S. Department of Education				
Passed through Pennsylvania Department of Education COVID-19 - Education Stabilization Fund (ESF) - Governor's Emergency Education Relief (GEER) Fund	118910	84.425C	<u>4,353,098</u>	<u>5,405,294</u>
			<u>\$ 4,353,098</u>	<u>\$ 5,530,294</u>
Federal Expenditures Consist of the Following				
WITF, Inc.				\$ 5,530,294
WITF Enterprises, Inc.				<u>-</u>
				<u>\$ 5,530,294</u>

WITF, Inc. and Subsidiary

Notes to Consolidated Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of WITF, Inc. and Subsidiary under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organizations, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Organizations.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, where certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3 - Indirect Cost Rate

The Organizations have elected not to use the ten-percent de minimus indirect cost rate allowed under the Uniform Guidance.

WITF, Inc. and Subsidiary

Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP Unmodified

Internal control over financial reporting

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major federal programs

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Type of auditor's report issued on compliance for major federal programs Unmodified

Any audit findings disclosed that are required to be reported in accordance 2 CFR 200.516(a)? yes no

Identification of Major Federal Programs

Federal Assistance Listing Number(s)	Name of Federal Program or Cluster
84.425C	COVID-19 Education Stabilization Fund (ESF) - Governor's Emergency Education Relief (GEER) Fund

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as low-risk auditee yes no

WITF, Inc. and Subsidiary

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

Section II - Financial Statement Findings

No findings are reported

Section III - Federal Award Findings and Questioned Costs

No findings are reported